



WINOX

Winox Holdings Limited
盈利時控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 6838

SHARE OFFER

Sole Sponsor



HAITONG INTERNATIONAL
CAPITAL LIMITED

Sole Bookrunner



HAITONG INTERNATIONAL
SECURITIES COMPANY LIMITED

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



WINOX

Winox Holdings Limited 盈利時控股有限公司

(incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Number of Offer Shares	:	125,000,000 Shares (subject to the Over-allotment Option)
Number of Public Offer Shares	:	12,500,000 Shares (subject to reallocation)
Number of Placing Shares	:	112,500,000 Shares (subject to the Over-allotment Option and reallocation)
Offer Price	:	Not more than HK\$2.86 per Offer Share (payable in full on application and subject to refund, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) and expected to be not less than HK\$1.87 per Offer Share
Nominal Value	:	HK\$0.10 per Share
Stock Code	:	6838

Sole Sponsor



HAITONG INTERNATIONAL CAPITAL LIMITED

Sole Bookrunner and Sole Lead Manager



HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission, The Stock Exchange of Hong Kong Limited, Hong Kong Exchanges and Clearing Limited and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by the Price Determination Agreement between the Sole Bookrunner (on behalf of the Underwriters) and us on or about Thursday, 14 July 2011 or such later time as may be agreed between the Sole Bookrunner (on behalf of the Underwriters) and us, but in any event no later than 11:59 p.m. (Hong Kong time) on Thursday, 14 July 2011. If, for any reason, the Sole Bookrunner (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price by 11:59 p.m. on Thursday, 14 July 2011, the Share Offer will not become unconditional and will lapse immediately. The Offer Price will be not more than HK\$2.86 per Offer Share and is currently expected to be not less than HK\$1.87 per Offer Share unless otherwise announced in the manner set out below. Investors applying for Offer Shares must pay the maximum Offer Price of HK\$2.86 per Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price finally determined is lower than HK\$1.87 per Offer Share.

The Sole Bookrunner (on behalf of the Underwriters) may, with our consent, reduce the indicative Offer Price range below that as stated in this prospectus at any time not later than the morning of the last day for lodging applications under the Public Offer. In such a case, notice of the reduction in the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Public Offer.

Pursuant to certain provisions including force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Share Offer, the Sole Bookrunner (on behalf of the Underwriters) has the right in certain circumstances, in its sole opinion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (such date is currently expected to be Wednesday, 20 July 2011). Further details of the terms of the aforesaid provisions are set out in the section headed "Underwriting" in this prospectus.

30 June 2011

EXPECTED TIMETABLE

Subject to the events as described in the section headed "How to apply for the Public Offer Shares – Effect of bad weather on the opening of the application lists" in this prospectus, you may lodge your application for the Public Offer Shares by the various means as referred to in the section headed "How to apply for the Public Offer Shares" in this prospectus during the period from Wednesday, 30 June 2011 to Wednesday, 13 July 2011 covering 14 calendar days, which is longer than the normal market practice of about four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interests on Tuesday, 19 July 2011. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 20 July 2011.

2011
(note 1)

Application lists for the Public Offer open (note 2)	11:45 a.m. on Wednesday, 13 July 2011
Latest time to complete electronic applications through the HK eIPO White Form service through the designated website at www.hkeipo.hk (note 3)	11:30 a.m. on Wednesday, 13 July 2011
Latest time for lodging WHITE and YELLOW Application Forms and giving electronic application instructions to HKSCC (note 4) . . .	12:00 noon on Wednesday, 13 July 2011
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, 13 July 2011
Application lists close (note 3)	12:00 noon on Wednesday, 13 July 2011
Expected Price Determination Date (note 5)	Thursday, 14 July 2011
Announcement of the Offer Price, the level of indication of interest in the Placing, level of applications of the Public Offer, results of applications and the basis of allocation of the Public Offer Shares under the Public Offer to be published (a) in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and (b) on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.winox.com (note 6)	Tuesday, 19 July 2011

EXPECTED TIMETABLE

Results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.winox.com as described in the section headed "How to apply for the Public Offer Shares — Publication of results" of this prospectus Tuesday, 19 July 2011

Despatch of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before (*notes 6 to 9, 12*) Tuesday, 19 July 2011

Despatch of refund cheques in respect of wholly successful (where applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer on or before (*notes 6, 8 to 12*) Tuesday, 19 July 2011

Dealings in Shares on the Main Board to commence on Wednesday, 20 July 2011

Notes:

- (1) All times refer to Hong Kong local time. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus.
- (2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 13 July 2011, the application lists will not open on that day. Further information is set out in the section headed "How to apply for the Public Offer Shares — Effect of bad weather on the opening of the application lists" in this prospectus. If the application lists do not open and close on Wednesday, 13 July 2011, the dates mentioned in "Expected timetable" may be affected. An announcement will be made by us in such event.
- (3) You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., the applicant will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (4) Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for the Public Offer Shares — How to apply by giving electronic application instructions to HKSCC" in this prospectus.
- (5) The Offer Price is expected to be determined by Thursday, 14 July 2011, or such later time as may be agreed between the Sole Bookrunner (on behalf of the Underwriters) and the Company, but in any event no later than 11:59 p.m. (Hong Kong time) on Thursday, 14 July 2011. If, for any reason, the Sole Bookrunner (on behalf of the Underwriters) and the Company are unable to reach an agreement on the Offer Price by 11:59 p.m. on Thursday, 14 July 2011, the Share Offer will not become unconditional and will lapse immediately.
- (6) e-Auto Refund payment instruction/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any.

EXPECTED TIMETABLE

Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delays in encashment of, or may invalidate, the refund cheque.

- (7) Share certificates for the Public Offer Shares will become valid certificates of title at 8:00 a.m. on Wednesday, 20 July 2011 provided that (i) the Share Offer has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms (and the allotment and issue of the Public Offer Shares will be made subject to the aforesaid provisos).
- (8) Applicants who have applied on **WHITE** Application Forms or through the **HK eIPO White Form** service for 1,000,000 Public Offer Shares or more under the Public Offer and have indicated in their applications that they wish to collect any refund cheque(s) and/or Share certificate(s) in person from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, may do so in person from 9:00 a.m. to 1:00 p.m. on Tuesday, 19 July 2011. Applicants being individuals who are applying for 1,000,000 Public Offer Shares or more and opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are applying for 1,000,000 Public Offer Shares or more and opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations' chop. Identification and (where applicable) authorisation documents acceptable to our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, must be produced at the time of collection.
- (9) Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer may collect their refund cheque(s), where applicable, in person but may not elect to collect their Share certificate(s), which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheque(s) for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants specified in note (8) above.
- (10) For applicants who have applied for Public Offer Shares by giving **electronic application instructions**, their refund (if any) will be credited to their designated bank account or the designated bank account of the designated CCASS Participant through which they made their application on Tuesday, 19 July 2011. For applicants who have instructed their designated CCASS Participant (other than CCASS Investor Participant) to give **electronic application instructions** on their behalf, they can check the amount of refund (if any) payable to them with that designated CCASS Participant. For applicants who have applied as CCASS Investor Participant, they can check the amount of refund (if any) payable to them via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 19 July 2011 or in the activity statement showing the amount of refund money credited to their designated bank account made available to them by HKSCC immediately after the credit of refund money to their bank account. Please refer to the section headed "How to apply for the Public Offer Shares – Despatch/Collection of Share certificates and refund of application money" for details.
- (11) For applicants who have applied through the **HK eIPO White Form** service and paid the application monies from a single bank account, refund monies (where applicable) will be despatched to their application payment bank account in the form of e-Auto Refund payment instructions on Tuesday, 19 July 2011. For applicants who have applied through **HK eIPO White Form** service and paid the application monies from multiple bank accounts, refund monies (where applicable) in the form of refund cheque(s) on Tuesday, 19 July 2011 by ordinary post at their own risk. Please refer to the section headed "How to apply for the Public Offer Shares – Despatch/Collection of Share certificates and refund of application money" for details.
- (12) Uncollected Share certificate(s) and refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant applications. Further details are set out in the section headed "How to apply for the Public Offer Shares – Despatch / collection of Share certificates and refund of application money" in this prospectus.

For details of the structure of the Share Offer, including the conditions thereof, please refer to the section headed "Structure and conditions of the Share Offer" in this prospectus.

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You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information which is different from that contained in this prospectus. Any information or representation not made in this prospectus must not be relied upon by you as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Underwriters, any of their respective directors or any other person or party involved in the Share Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information which may be important to you. You should read this prospectus in its entirety before you decide to invest in the Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Shares are summarised in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Shares.

OVERVIEW

We are a stainless steel products manufacturer principally engaged in the development and manufacture of stainless steel watch bracelets, costume jewellery and accessories for our customers on OEM basis. Based on the Synovate Report, our market share of the global stainless steel watch bracelet market for brands of watches which have an average retail price of HK\$10,000 or above was about 9.6% in 2010. Our customers are mainly intermediary agents of internationally renowned brands, as well as some brand owners with headquarters mainly based in Europe (such as Switzerland and Italy).

The manufacture and sale of stainless steel watch bracelets had been our business focus during the Track Record Period. The manufacture and sale of stainless steel watch bracelets contributed more than 70% of our total turnover during the Track Record Period. During the Track Record Period, we manufactured about 1.0 million, 0.6 million and 1.2 million watch bracelets for each of the years ended 31 December 2008, 2009 and 2010, respectively.

Our core management team possesses more than 20 years of experience and technical knowledge in handling stainless steel materials and product design. Since 2004, we expanded our product portfolio to include costume jewellery such as earrings, rings, pendants, necklaces, bracelets and cufflinks. By 2007, our product portfolio had expanded to cover accessories such as bag accessories and by 2009, leather belt buckles.

In order to leverage on our experience in the industry to capture the growing market demand for stainless steel products and manufacturing capacities, and to broaden our products portfolio, in June 2011, we also commenced trial production of stainless steel mobile phone cases. We plan to commence the commercial production of our stainless steel mobile phone cases at our Dongfengcun Factory in the third quarter of 2011.

As at the Latest Practicable Date, we had entered into a master agreement with one mobile phone manufacturer for the manufacture of stainless steel mobile phone cases. However, we have only received sales order for trial production and we had not yet generated any turnover from our stainless steel mobile phone cases business up to the Latest Practicable Date.

SUMMARY

Our sales and customers

During the Track Record Period, our customers were mainly intermediary agents of brand owners. The table below sets forth an analysis of our sales by customer type during the Track Record Period:

	For the year ended 31 December		
	2008	2009	2010
	Percentage of total turnover	Percentage of total turnover	Percentage of total turnover
Intermediary agents	84.7%	77.3%	75.7%
Brand owners	15.3%	22.7%	24.3%
Total	100.0%	100.0%	100.0%

Set out below is an analysis of our sales by product category during the Track Record Period:

	For the year ended 31 December					
	2008		2009		2010	
	Turnover	Percentage of total turnover	Turnover	Percentage of total turnover	Turnover	Percentage of total turnover
	HK\$'million		HK\$'million		HK\$'million	
Watch bracelet	242.4	74.7%	180.8	70.4%	308.0	77.3%
Costume jewellery	76.8	23.6%	67.5	26.3%	69.5	17.4%
Accessories	5.4	1.7%	8.6	3.3%	21.1	5.3%
Total	324.6	100.0%	256.9	100.0%	398.6	100.0%

In each of 2008, 2009 and 2010, a significant portion of our turnover was derived from sales to customers located in Switzerland. The following table sets forth, for the periods indicated, the percentage breakdown of our turnover categorised by geographical locations of our customers.

	For the year ended 31 December					
	2008		2009		2010	
	Turnover	Percentage of turnover	Turnover	Percentage of turnover	Turnover	Percentage of turnover
	HK\$'million		HK\$'million		HK\$'million	
Switzerland	255.0	78.6%	216.0	84.1%	284.6	71.4%
Hong Kong	56.6	17.4%	30.7	11.9%	69.8	17.5%
Other European and Asian countries	13.0	4.0%	10.2	4.0%	44.2	11.1%
Total	324.6	100.0%	256.9	100.0%	398.6	100.0%

SUMMARY

We have long business relationship with our intermediary agent customers and our direct brand owner customers, some of which for over 10 years. During each of the years ended 31 December 2008, 2009 and 2010, sales to our top five customers accounted for about 95.7%, 91.7% and 86.6% of our total turnover, respectively. Two of these customers, namely Winox S.A. and UVW Limited, both being Independent Third Parties, have been our customers since our establishment in 1999. The table below sets forth the brief information of our top five customers during the Track Record Period:

<u>Our top five customers</u>	<u>Percentage of turnover</u>	<u>Principal products sourced by the customer</u>	<u>Number of brands for which our Group is authorised to produce products</u>	<u>Base country of the brands</u>
<i>For the year ended 31 December 2010</i>				
1. Winox S.A. (intermediary agent) . . .	54.9%	Watch bracelets	Five	Switzerland
2. UVW Limited (intermediary agent) . .	12.7%	Watch bracelets	Seven	Switzerland
3. Customer A (brand owner)	10.4%	Costume jewellery	Two	Switzerland
4. Customer B (brand owner)	4.5%	Watch bracelets	One	Switzerland
5. Maillor S.A. (intermediary agent) . .	4.1%	Watch bracelets	Five	Switzerland
<i>For the year ended 31 December 2009</i>				
1. Winox S.A. (intermediary agent) . . .	58.0%	Watch bracelets	Five	Switzerland
2. Customer A (brand owner)	14.5%	Costume jewellery	Two	Switzerland
3. UVW Limited (intermediary agent) . .	9.7%	Watch bracelets	Seven	Switzerland
4. Customer C (brand owner)	7.2%	Costume jewellery	Five	Italy
5. Customer D (brand owner)	2.3%	Accessories	One	Italy
<i>For the year ended 31 December 2008</i>				
1. Winox S.A. (intermediary agent) . . .	59.6%	Watch bracelets	Five	Switzerland
2. UVW Limited (intermediary agent) . .	16.0%	Watch bracelets	Seven	Switzerland
3. Customer A (brand owner)	11.4%	Costume jewellery	Two	Switzerland
4. Customer C (brand owner)	7.0%	Costume jewellery	Five	Italy
5. Customer E (brand owner)	1.7%	Costume jewellery	One	Italy

SUMMARY

Our suppliers

Our major suppliers include production materials suppliers as well as component parts suppliers. Set out below is an analysis of our purchase from our top suppliers during the Track Record Period:

	For the year ended 31 December					
	2008		2009		2010	
	Purchase	Percentage of purchase	Purchase	Percentage of purchase	Purchase	Percentage of purchase
	HK\$'million		HK\$'million		HK\$'million	
Largest supplier . . .	22.1	28.5%	6.7	9.1%	22.2	23.4%
Second to fifth largest suppliers, in aggregate	22.2	28.5%	13.6	18.4%	16.4	17.4%
Other suppliers . . .	33.4	43.0%	53.7	72.5%	56.1	59.2%
	77.7	100.0%	74.0	100.0%	94.7	100.0%

Winox S.A., an Independent Third Party which was our largest customer during the Track Record Period, was also our largest and second largest supplier during each of the years ended 31 December 2008 and 2009, respectively, supplying component parts such as screws and pins to us for production of the products ordered by it. Winox S.A. has subsequently revised the sales terms with us so that the component parts required for the production of products ordered by Winox S.A. have been supplied by Winox S.A. to us without charges, with a corresponding downward adjustment in the price of the products ordered by Winox S.A.. Winox S.A. ceased to be one of our top five suppliers in the year ended 31 December 2010. Please refer to the section headed "Business – Supply chain management" of this prospectus for details.

Our business history

The word "Winox" is derived from "inox", meaning "stainless steel" in French and "stainless" in Italian. Our Group and Winox S.A., our Group's largest customer during the Track Record Period and an Independent Third Party, have been using the same business name of "Winox" because so far as our Directors are aware of, both the assets and equipment for manufacture of stainless steel watch bracelets acquired by us in 1999 when our Group was founded and the trading of stainless steel watch bracelet business currently conducted by Winox S.A. originally belonged to the same group of companies, being Independent Third Parties, which carried "Winox" as their business name. In 1999, Mr. Yiu founded our Group after acquiring the said assets and equipment for manufacturing business and continued to adopt "Winox" as our business name. Our Directors understand that our customer, Winox S.A., continued to carry on the said trading business under the same business name.

SUMMARY

For further details relating to our Group's business and corporate development, please refer to the section headed "History and development" of this prospectus.

Our manufacturing facilities

As at the Latest Practicable Date, we operated two production facilities in the PRC, namely the Dalang Factory and the Dongfengcun Factory. Our Dalang Factory is located in Dalang Town, Dongguan, Guangdong Province, the PRC, with an aggregate site area of about 59,009 sq.m. and 15 buildings erected thereon, comprising factory buildings, warehouse, staff quarters, training centre and other ancillary buildings with an aggregate gross floor area of about 46,380 sq.m. Our Dalang Factory is principally responsible for the development and manufacture of stainless steel watch bracelets, costume jewellery and accessories, with a workforce of more than 3,000 employees as at 31 December 2010. As at 31 December 2010, our Dalang Factory had an annual production capacity of about 2.4 million watch bracelets, or about 9.8 million necklaces, or about 20.3 million bag accessories, with our production lines adjustable to accommodate the production of different products depending on our production needs. We estimate that the utilisation rate of our Dalang Factory for the year ended 31 December 2008, 2009 and 2010 amounted to about 89.8%, 67.4% and 88.9%, respectively. Please refer to the section headed "Business – Manufacturing facilities and machinery" in this prospectus for the basis of the calculations of our production capacity.

Our Dongfengcun Factory is located in Dongfengcun, Boluo County, Huizhou, Guangdong Province, the PRC with an aggregate site area of about 6,666 sq.m. and four buildings erected thereon, comprising one factory building, two ancillary buildings and one electricity room with an aggregate gross floor area of about 3,730 sq.m. As at the Latest Practicable Date, our Dongfengcun Factory had a workforce of about 90 employees, with a planned annual production capacity of about 948,000 stainless steel mobile phone cases. Please refer to the section headed "Business – Manufacturing facilities and machinery" in this prospectus for the basis of the calculation of our production capacity. Our Dongfengcun Factory has been leased by us since May 2011 for temporary production use pending completion of the planned development of our own production facilities at Huzhen, Huizhou, Guangdong Province, the PRC, further details of which are set out in the section headed "Business – Business strategies – Expansion of production capacity" in this prospectus.

Our business

We develop and manufacture products for our customers based on their production orders and have not entered into any long-term supply agreements or any agreements for committed sales volume with them. With our production and development capabilities, refined manufacturing techniques, commitment to product quality and quality management system, we have been able to maintain and develop our relationship with our customers and cater to our customers' needs with reliable quality standard, flexibility in design and manufacturing process, competitive pricing and on-time delivery.

During the Track Record Period, we have maintained CAGRs of about 10.8% and 21.6% in respect of our turnover and net profit respectively, and our Group achieved

SUMMARY

gross profit margins of about 37.6%, 38.8% and 42.8% for each of the three years ended 31 December 2010, respectively. Our Directors consider that such growth in turnover (which exceeds the industry average) and net profit and the relatively high gross profit margins achieved by us during the Track Record Period were attributable to our continued success in maintaining our product quality at reasonable costs and satisfying our customers' requirements. It also demonstrates our success in capturing the business opportunities with our extensive experience and strong market position in the stainless steel watch bracelet manufacturing industry for internationally renowned brands, and our dedication to product quality, new production techniques and processes development.

COMPETITIVE STRENGTHS

We attribute our success to the following key competitive strengths:

- Long term business relationships with our customers and our ability to develop new customers
- Ability to offer comprehensive product development and manufacturing solutions
- Refined quality management system and high quality products
- Refined manufacturing techniques and processes in handling stainless steel products
- Experienced management team with a proven track record

BUSINESS STRATEGIES

With our proven track record, our Directors believe that our Group is well-positioned to further develop our business as an OEM manufacturer specialising in the manufacture of stainless steel products, in particular stainless steel watch bracelets, costume jewellery and accessories, for our customers based on their design and specifications and to capture new business opportunities. We aim to continue to establish our market presence in the industry and expand our product category to capture growth in the market. To achieve this, we plan to leverage our competitive strengths and implement our business strategies as follows:

- Strengthen and expand our customer base
- Broaden our products portfolio
- Expansion of production capacity
- Stringent quality control to maintain product quality
- Focus on staff welfare and labour relations

SUMMARY

EXPANSION PLAN

Our Directors believe that stainless steel is becoming more common as a base material for accessories such as leather belt buckles and mobile phone cases. According to the Synovate Report, it is expected that the global demand for usage of stainless steel in costume jewellery, accessories and mobile phone cases will increase at a faster pace than that for watch bracelets in the near future. We consider that this trend represents an opportunity for us to capture market demand and business growth, broaden our product portfolio and diversify our income source.

We consider that our Group's existing production capacity may not be sufficient to cater for our Group's expansion needs as a result of business growth and planned expansion of our Group's products portfolio as part of our business strategies. To ensure that our Group is in a position to capture market demand and business growth as outlined under the sections headed "Industry overview – Growth and application of stainless steel in the global luxury products market" and "Industry overview – Application of stainless steel in mobile phone cases", as well as the section headed "Business – Business strategies" of this prospectus, we consider it necessary to expand our Group's production capacity.

The following table sets forth, among others, the details of our expansion plans, estimated investments up to 30 April 2011 and sources of funding:

Details of expansion plan	Status of expansion	Date of expected commencement of production	Total investment up to 30 April 2011	Expected time of completion of payment	Estimated investment and sources of funding
To acquire equipment and machinery for the Dongfengcun Factory	Currently under trial run of the production lines for stainless steel mobile phone cases at Dongfengcun Factory	Currently expect to commence commercial production of stainless steel mobile phone cases in the third quarter of 2011	About RMB8.9 million (equivalent to about HK\$10.5 million) for acquisition of equipment and machinery	October 2011	HK\$137 million, to be financed mostly by the net proceeds from the Share Offer

SUMMARY

Details of expansion plan	Status of expansion	Date of expected commencement of production	Total investment up to 30 April 2011	Expected time of completion of payment	Estimated investment and sources of funding
To establish the Huzhen Factory for manufacturing stainless steel costume jewellery, accessories, and mobile phone cases, to be completed by stages	We have obtained the operating rights of land in respect of five parcels of land in the Huzhen Site. Subject to the permitted land uses of the Huzhen Site being converted from agricultural land uses to industrial land uses and the local government having expropriated the land for public auction, we can undergo the public auction procedures	Currently expect to complete the initial stage of construction of production facilities for the production of initially stainless steel costume jewellery, accessories and mobile phone cases by end of 2012	About RMB17.7 million (equivalent to about HK\$20.8 million), comprising (i) about RMB15.9 million (equivalent to about HK\$18.7 million) for the part payment of the costs for obtaining operating rights of land for the Huzhen Site and (ii) construction costs amounting to about RMB1.8 million (equivalent to about HK\$2.1 million)	Land auction expected to be conducted by end of 2011 or early 2012, other costs such as machinery costs and construction costs to follow upon successful bidding of the land by our Group	Initial phase of the Huzhen Factory will involve total capital expenditure of about HK\$180 million involving the following: (1) machinery costs of about HK\$83 million, (2) land costs of about HK\$48 million, and (3) construction costs of about HK\$49 million, to be financed by the net proceeds from the Share Offer, our Group's internal resources, funds generated from our business operations and/or bank borrowings

For further details, please refer to the sections headed "Business – Business strategies – Expansion of production capacity" and "Future plans and use of proceeds from the Share Offer" of this prospectus for further details in relation to our Group's expansion plan.

RISK FACTORS

Our Directors believe that there are certain risks involved in our Group's business and operations and in connection with the Share Offer. Such risks can be categorised into (i) risks relating to our Group; (ii) risks relating to the industry; and (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Share Offer. These risks are set out in the section headed "Risks factors" in this prospectus.

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SUMMARY FINANCIAL INFORMATION

Information about our Group's combined statements of comprehensive income

The following table is a summary of the combined results of our Group for each of the three years ended 31 December 2010 prepared on the basis that the current structure of our Group was in existence throughout the Track Record Period or since the respective dates of incorporation/establishment of the relevant member of our Group, where this is a shorter period. Our Group's combined results have been prepared in accordance with the HKFRS. The summary should be read in conjunction with the accountants' report set out in Appendix I to this prospectus.

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Turnover	324,598	256,928	398,606
Cost of goods sold	(202,692)	(157,356)	(227,936)
Gross profit	121,906	99,572	170,670
Other income	1,118	1,275	4,055
Other losses.	(8,464)	(1,756)	(1,254)
Selling and distribution costs . . .	(17,995)	(12,588)	(20,075)
Administrative expenses	(23,346)	(25,058)	(35,010)
Listing expenses	–	–	(5,240)
Finance costs	(551)	(2,981)	(4,900)
Profit before taxation	72,668	58,464	108,246
Taxation	(11,169)	(6,296)	(17,267)
Profit for the year	61,499	52,168	90,979
Profit for the year attributable to:			
Owners of our Company	59,553	52,168	90,979
Non-controlling interests	1,946	–	–
	61,499	52,168	90,979

Our turnover for each of the three years ended 31 December 2008, 2009 and 2010 amounted to about HK\$324.6 million, HK\$256.9 million and HK\$398.6 million, respectively. Turnover decreased by about 20.8% from about HK\$324.6 million to about HK\$256.9 million due to the decreased sales volume in the year 2009 primarily resulting from the worldwide decline in demand for luxury goods affected by the global financial crisis beginning from the fourth quarter of 2008 when the global market conditions were thereby adversely affected. Turnover had increased by about 55.1% from about HK\$256.9

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million for the year ended 31 December 2009 to about HK\$398.6 million for the year ended 31 December 2010, primarily as a result of an increase in sales volume due to the increasing market demand following the global economic recovery after the global financial crisis in 2008 and 2009.

Our gross profit for the three years ended 31 December 2010 were about HK\$121.9 million, HK\$99.6 million and HK\$170.7 million respectively. Our gross profit margin was about 37.6%, 38.8% and 42.8% respectively for each of the three years ended 31 December 2010. Our gross profit had declined with sales in the year 2009 when compared with 2008 as a result of the global financial crisis. Following the recovery in the post-financial crisis, the gross profit of our Group in the year ended 31 December 2010 had demonstrated a strong growth in pace with the strong economic recovery in the emerging market.

Despite that sales volume declined during the year 2009, we successfully passed on our increased labour costs and cost of production materials to our customers, we therefore successfully maintained the gross profit margin of our Group at about 38.8%, which is comparable to the 37.6% gross profit margin of the year 2008. By increasing the use of in-house production process, we reduced the use of subcontractors and thus significantly reduced the subcontracting charges incurred by us during the year 2010. Despite that there was an increase of about 22.8% in turnover in 2010 when compared to that of 2008, a decrease of about 55.8% in subcontracting charges from about HK\$31.9 million in 2008 to about HK\$14.1 million in 2010 was observed. Together with the strong recovery in the global demand for luxury goods after the financial crisis, the continuing improvement in our production efficiency and economies of scale which enabled us to reduce our production costs, our gross profit margin of the year 2010 had increased from about 38.8% in 2009 to about 42.8% in 2010.

Our net profit for the three years ended 31 December 2010 were about HK\$61.5 million, HK\$52.2 million and HK\$91.0 million respectively. Our net profit margin was about 18.9%, 20.3% and 22.8% respective for each of the three years ended 31 December 2010. The fluctuation of our net profit is about the same as that of our gross profit during the Track Record Period. Our net profit margin also demonstrated similar movement as that of the gross profit margin during the Track Record Period.

For further information about our results of operations during the Track Record Period, please refer to the section headed "Financial information" of this prospectus.

SUMMARY

Information about our Group's condensed combined statements of financial position

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Non-current assets	71,436	71,666	133,362
Current assets	142,029	134,511	200,572
Current liabilities	160,364	136,075	197,974
Net current (liabilities) assets	(18,335)	(1,564)	2,598
Total assets less current liabilities . . .	53,101	70,102	135,960
Non-current liabilities	5,608	56	–
Net assets	47,493	70,046	135,960

During the Track Record Period, our net current assets value position as at the three years ended 31 December 2010 had been improving gradually from a net current liabilities position of about HK\$18.3 million as at 31 December 2008 to a net current assets position of about HK\$2.6 million as at 31 December 2010. Our net current liabilities position as at 31 December 2008 and 2009 were mainly resulted from the utilisation of bank borrowings and advances from related parties and a Director for financing our expansion during the Track Record Period. As detailed in the section headed “Financial information – Indebtedness” of this prospectus, such bank borrowings was resulted from the increase in utilisation of our bank facilities to reduce our credit balances with, and hence reliance on, our related parties and Directors and as a result of increased investments in production facilities, purchase of inventories and working capital financing during the Track Record Period. Our Group had achieved a net current assets position as at 31 December 2010 as a result of the income stream generated from our business.

LEGAL AND REGULATORY MATTERS

We breached certain laws and regulations inadvertently during the Track Record Period of different nature, including failure to contribute fully the registered capital of one of our PRC subsidiary within the prescribed time, non-compliance with environmental regulations and export customs regulations by one of our PRC subsidiary, and failure to obtain building ownership certificates for some of our buildings in our Dalang Factory. As at the Latest Practicable Date, we had taken remedial actions to rectify the non-compliance incidents and preventive measures to prevent future occurrence of such non-compliance. For details of such non-compliance incidents, remedial actions and preventive measures taken and their status please refer to the sections headed “Business – Non-compliance and legal proceedings” and “Business – Internal control measures” in this prospectus.

SUMMARY

KEY FINANCIAL RATIOS

Set out below is the summary of the key financial ratios of our Group during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
Gross profit margin	37.6%	38.8%	42.8%
Net profit margin	18.9%	20.3%	22.8%
Return on equity	96.3%	88.8%	88.3%
Inventories turnover days	49.8	83.2	52.9
Debtors' turnover days	55.2	52.0	59.8
Creditors' turnover days	59.1	36.0	31.5
	As at 31 December		
	2008	2009	2010
Current ratio	0.89	0.99	1.01
Gearing	0.17	0.34	0.42

For further information about the key financial ratios of our Group during the Track Record Period, please refer to the section headed "Financial information – Management discussion and analysis – Key financial ratios" of this prospectus.

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2011

Forecast consolidated profit attributable to owners of our Company
for the year ending 31 December 2011^(Note 1) not less than
HK\$110 million

Unaudited forecast earnings per Share on a pro forma basis for the
year ending 31 December 2011^(Notes 2) not less than
HK\$0.22

Notes:

- (1) The basis and assumptions on which the forecast consolidated profit attributable to owners of our Company for the year ending 31 December 2011 have been prepared are summarised in Appendix III to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to owners of our Company for the year ending 31 December 2011, assuming that the Share Offer was completed on 1 January 2011 and a total of 500,000,000 Shares had been issued and outstanding during the entire year. This calculation assumes that no options are granted under the Share Option Scheme and no exercise of Over-allotment Option.

SUMMARY

APPLICATION FOR THE OFFER SHARES

Subject to the events as described in the section headed “How to apply for the Public Offer Shares – Effect of bad weather on the opening of the application lists” in this prospectus, you may lodge your application for the Public Offer Shares by the various means as referred to in the section headed “How to apply for the Public Offer Shares” in this prospectus during the period from Wednesday, 30 June 2011 to Wednesday, 13 July 2011 covering 14 calendar days, which is longer than the normal market practice of about four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interests on Tuesday, 19 July 2011. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 20 July 2011.

OFFER STATISTICS

	<u>Based on an Offer Price of HK\$1.87 per Share</u>	<u>Based on an Offer Price of HK\$2.86 per Share</u>
Market capitalisation of the Shares (note 1)	HK\$935 million	HK\$1,430 million
Pro forma forecast price/earnings multiple (note 2)	8.5 times	13.0 times
Unaudited pro forma adjusted net tangible asset value per Share (note 3)	HK\$0.68	HK\$0.92

Notes:

- (1) The calculation of the market capitalisation of the Shares is based on 500,000,000 Shares in issue immediately after completion of the Share Offer but does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option or of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate as set forth under the section headed “Further information about our Company and its subsidiaries – Written resolutions of the shareholders of our Company” in Appendix VI to this prospectus.
- (2) The calculation of forecast price/earnings multiple on a pro forma fully diluted basis is based on the forecast consolidated profit attributable to owners of our Company for the year ending 31 December 2011, the indicative range of the Offer Price of HK\$1.87 and HK\$2.86 per Share, and on the basis that 500,000,000 Shares had been in issue throughout the year (assuming the Shares in issue at the date of this prospectus and those Shares to be issued pursuant to the Share Offer had been in issue on 1 January 2011 but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and repurchase mandate as set forth under the section headed “Further information about our Company and its subsidiaries – Written resolutions of the shareholders of our Company” in Appendix VI to this prospectus).

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- (3) The unaudited pro forma adjusted net tangible asset value of our Group per Share has been arrived at after the adjustments referred to in the section headed “Financial information – Unaudited pro forma adjusted net tangible assets” in this prospectus and on the basis of 500,000,000 Shares in issue, the indicative range of the Offer Price of HK\$1.87 and HK\$2.86 per Share, immediately following completion of the Share Offer but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the issuing mandate and the repurchase mandate as set forth under the section headed “Further information about our Company and its subsidiaries – Written resolutions of the shareholders of our Company” in Appendix VI to this prospectus.

DIVIDEND POLICY

Except for certain subsidiaries of our Company declared interim dividends totalling HK\$34,800,000 in 2009, HK\$29,320,000 in 2010 and HK\$8,800,000 in 2011 to their then shareholders prior to the Reorganisation, no dividend has been declared by other companies comprising our Group during the Track Record Period or our Company since our incorporation.

Our historical dividend distributions in the past are not indicative of our future dividend policy. In general, the amount of future dividends, if any, that may be declared by our Company will depend on our Group’s results, working capital requirement, cash position, capital requirements, the provisions of the relevant laws and other factors as may be considered relevant at such time by our Directors. The declaration, form, payment and the amount of dividends will be subject to the Board’s discretion and the approval of our Shareholders from time to time.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised and an Offer Price of HK\$2.37 per Share (being the mid-point of the estimated price range), our Directors estimate that the net proceeds to be received by our Company from the Share Offer will be about HK\$261.1 million, after deducting the underwriting commissions and other estimated expenses in relation to the Share Offer. The Directors presently intend to use the net proceeds from the Share Offer as follows:

- as to 25% of the net proceeds from the Share Offer, or about HK\$65.3 million, to finance the development of the Huzhen Factory (such as defraying the related construction and land costs), further details of which are set out in the sections headed “Business – Business strategies – Expansion of production capacity” and “Business – Properties – Leased properties and the operating rights of land” in this prospectus;
- as to 65% of the net proceeds from the Share Offer, or about HK\$169.7 million, to acquire equipment and machinery for the Dongfengcun Factory and Huzhen Factory and for the expansion of the production capacity of our existing facilities, further details of which are set out in the section headed “Business – Business strategies – Expansion of production capacity” in this prospectus; and

SUMMARY

- the remaining net proceeds from the Share Offer, or about HK\$26.1 million, to be applied as general working capital and other general corporate purposes of our Group.

In the event that the Over-allotment Option is exercised, the additional net proceeds of the Share Offer of about HK\$43.1 million (assuming that the Offer Price is determined at the mid-point of the stated offer price range) will be applied by our Company to the above purposes in the same proportions as set out above.

If the Offer Price is fixed above or below HK\$2.37 per Share (being the mid-point of the estimated price range), our Directors presently intend to adjust the allocation of the net proceeds of the Share Offer to the above purposes in the same proportions as set out above.

To the extent that the net proceeds of the Share Offer are not immediately required for the above purposes, our Directors presently intend that such proceeds will be placed on short-term deposits with licensed banks and/or financial institutions in Hong Kong.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s), or where the context so requires, any of them, to be used in relation to the Public Offer
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on 25 June 2011 to become effective upon the Listing, and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
“BVI”	the British Virgin Islands
“Cayman Islands Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant(s)”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant(s)”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company”	Winox Holdings Limited (盈利時控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands on 28 January 2010 under the Cayman Islands Companies Law
“Controlling Shareholder(s)”	Mr. Yiu and Ms. Law Wai Ping and, where the context otherwise requires, Ming Fung BVI and/or Ming Fung Investment
“Dalang Factory”	our manufacturing factory located in Dalang Town, Dongguan, Guangdong Province, the PRC
“Director(s)”	director(s) of our Company
“Dongfengcun Factory”	our factory located in Dongfengcun, Boluo County, Huizhou, Guangdong Province, the PRC and operated by Huizhou WFOE
“Feng Cai”	Feng Cai Limited (豐采有限公司), a company with limited liability incorporated in the BVI on 2 December 2009, and a direct wholly-owned subsidiary of our Company
“Glorify Land”	Glorify Land Management Limited (榮田管理有限公司), a company with limited liability incorporated in the BVI on 13 November 2007, and a direct wholly-owned subsidiary of our Company
“Good Effect”	Good Effect Limited, a company with limited liability incorporated in the BVI on 6 August 1999
“Green application form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context otherwise requires, in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company, some or any of them and the businesses carried on by such subsidiaries
“Haitong Int’l Capital” or “Sole Sponsor”	Haitong International Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity for the purpose of SFO, being the sole sponsor to the Share Offer

DEFINITIONS

“Haitong Int’l Securities” or “Sole Bookrunner” or “Sole Lead Manager”	Haitong International Securities Company Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 3 (leveraged foreign exchange trading) and Type 4 (advising on securities) regulated activities for the purpose of SFO, being the sole bookrunner and the sole lead manager of the Share Offer
“HK eIPO White Form”	the application for Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the HK eIPO White Form Service Provider at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company
“Huizhou WFOE”	惠州豐采貴金屬製造有限公司 (Huizhou Fengcai Precious Metal Manufacturing Limited*), formerly known as 惠州豐采置業有限公司 (Huizhou Fengcai Zhiye Limited*), a wholly-foreign owned enterprise with limited liability established in the PRC on 10 June 2010, and an indirect wholly-owned subsidiary of our Company
“Huzhen Factory”	our planned new production facilities to be established in Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC
“Huzhen Site”	the site located in Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC

DEFINITIONS

“Independent Third Party(ies)”	a person(s) or company(ies) which is/are independent of and not connected with any member of our Group, the Directors, the chief executives and the substantial shareholders of our Company and our subsidiaries and their respective associates
“Latest Practicable Date”	24 June 2011, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the date on which trading of the Shares on the Main Board first commences, which is currently expected to be Wednesday, 20 July 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market operated by the Stock Exchange, which excludes Growth Enterprises Market of the Stock Exchange and the options market
“Mark Yiu”	Mark Yiu (姚景康), brother of Mr. Yiu
“Max Surplus”	Max Surplus Corporation Limited (盈豐興業有限公司), a company with limited liability incorporated in Hong Kong on 3 December 2009, and an indirect wholly-owned subsidiary of our Company
“Ming Fung BVI”	Ming Fung Holdings (Hong Kong) Limited (明豐集團(香港)有限公司), a company with limited liability incorporated in the BVI on 23 August 2005 and a Controlling Shareholder
“Ming Fung Investment”	Ming Fung Investment Limited, a company with limited liability incorporated in the BVI on 17 February 2011 and a Controlling Shareholder

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“Ming Fung Kitchen”	博羅明豐廚具製造有限公司 (Bo Luo Ming Fung Kitchen Appliance Manufacturing Limited*), a company with limited liability established in the PRC on 31 December 2010, and a connected person of our Company under the Listing Rules. Details of the background of Ming Fung Kitchen and its relationship with our Group are set out in the paragraph headed “Continuing connected transactions – 3. Exempt continuing connected transaction – PRC lease agreement” in the “Relationship with the Controlling Shareholders” section of this prospectus
“Mr. Chan”	Chan Kai Ming (陳啟明), a member of the senior management of our Group
“Mr. Li”	Li Chin Keung (李展強), the chief executive officer of our Company and the general manager of Winox Enterprise and Winox WFOE
“Mr. Mak”	Mak Kin Man (麥健文), an Independent Third Party, is a long time trading partner of Mr. Yiu. Mr. Mak does not hold any position in our Group
“Mr. Ng”	Ng Woon Kiu (吳煥僑), a former member of the senior management of our Group and retired in 2005
“Mr. Yiu”	Yiu Hon Ming (姚漢明), the chairman and managing director of our Group, an executive Director and a Controlling Shareholder
“Ms. Tang”	Tang Wai Fong (鄧惠芳), the wife of the late Mr. So Bing Jo (previously a member of the senior management of our Group)
“Ms. Yiu”	Yiu Wai Sheung (姚惠嫦), sister of Mr. Yiu
“Offer Price”	the final price for each Offer Share (excluding the Stock Exchange trading fee, transaction levy imposed by the SFC and brokerage fee payable thereon) at which the Offer Shares are to be offered for subscription pursuant to the Share Offer, particulars of which are described under “Price payable on application” in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Offer Shares”	the Public Offer Shares and the Placing Shares

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by the Company to the Sole Bookrunner, at any time within a period commencing from the Listing Date and ending on the 30th day after the last date for lodging of applications under the Public Offer, to require our Company to allot and issue the Over-allotment Shares at the Offer Price to cover over-allocations in the Placing and/or to satisfy the obligation of the Sole Bookrunner to return securities borrowed under the Stock Borrowing Agreement subject to the terms of the Placing Underwriting Agreement
“Over-allotment Shares”	up to an aggregate of 18,750,000 new Shares to be issued pursuant to the exercise of the Over-allotment Option, representing 15% of the number of Shares initially available under the Share Offer
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriter on behalf of our Company for cash at the Offer Price with professional, institutional and individual investors as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Shares”	the 112,500,000 new Shares initially offered for subscription under the Placing subject to Over-allotment Option and re-allocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters expected to enter into the Placing Underwriting Agreement to underwrite the Placing
“Placing Underwriting Agreement”	the conditional placing underwriting agreement relating to the Placing to be entered into between our Company, Mr. Yiu, Ms. Law Wai Ping, Ming Fung Investment, Winholme Holdings, the Sole Sponsor, the Sole Bookrunner and the Placing Underwriters
“PRC” or “China”	the People’s Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Price Determination Agreement”	the agreement to be entered into between our Company and the Sole Bookrunner (on behalf of the Underwriters) at or before the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Thursday, 14 July 2011, or such later date as Haitong Int’l Securities (on behalf of the Underwriters) and our Company may agree but in any event no later than 11:59 p.m. (Hong Kong time) on Thursday, 14 July 2011, on which the Offer Price will be fixed for the purposes of the Share Offer
“Public Offer”	the conditional offer of the Public Offer Shares by our Company for subscription by members of the public in Hong Kong for cash at the Offer Price, payable in full on application, on and subject to the terms and conditions stated herein and in the related Application Forms
“Public Offer Shares”	the 12,500,000 new Shares initially offered for subscription under the Public Offer subject to re-allocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters listed in the paragraph headed “Public Offer Underwriters” under the section headed “Underwriting” in this prospectus, being the underwriters of the Public Offer
“Public Offer Underwriting Agreement”	the conditional public offer underwriting agreement dated 29 June 2011 relating to the Public Offer and entered into between our Company, Mr. Yiu, Ms. Law Wai Ping, Ming Fung Investment, Winholme Holdings, the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriters
“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the reorganisation of the companies within our Group as set out in the section headed “Reorganisation” in this prospectus, pursuant to which our Company became the holding company of our various subsidiaries
“Rule 144A”	Rule 144A under the US Securities Act

DEFINITIONS

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) of HK\$0.10 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company pursuant to a resolution of the Board passed on 25 June 2011, a summary of certain principal terms of which is set out in the paragraph headed “Other information — Share Option Scheme” in Appendix VI to this prospectus
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between Ming Fung Investment and Haitong Int’l Securities, pursuant to which Haitong Int’l Securities may borrow up to an aggregate of 18,750,000 Shares to cover any over-allocation in the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Synovate Report”	a report dated 30 June 2011 and prepared by Synovate Ltd., an independent global market research company commissioned by us. The report analyses, among other things, the global market for the use of stainless steel in luxury products and mobile phone cases
“Track Record Period”	the period comprising the three years ended 31 December 2010
“Underwriters”	the Placing Underwriter and the Public Offer Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement

DEFINITIONS

“US”, “U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“Winholme Holdings”	Winholme Holdings Limited (勝雄控股有限公司), a company with limited liability incorporated in the BVI on 29 November 2007, a substantial shareholder of our Company before Listing
“Winox BVI”	Winox Holdings Limited (盈利時控股有限公司), a company with limited liability incorporated in the BVI on 1 February 2010, and a direct wholly-owned subsidiary of our Company
“Winox Enterprise”	Winox Enterprise Company Limited (盈利時企業有限公司), a company with limited liability incorporated in Hong Kong on 23 March 2001, and an indirect wholly-owned subsidiary of our Company
“Winox Management”	Winox Management Limited (盈利時管理有限公司), a company with limited liability incorporated in Hong Kong on 8 September 2010, and an indirect wholly-owned subsidiary of our Company
“Winox Manufacturing”	Winox Manufacturing Company Limited (盈利時製造廠有限公司), formerly known as Realwin Enterprise Limited (滙榮企業有限公司), a company with limited liability incorporated in Hong Kong on 5 July 1999
“Winox WFOE”	盈利時錶業(東莞)有限公司 (Winox Watch Manufactory (Dongguan) Limited*), a wholly-foreign owned enterprise with limited liability established in the PRC on 4 April 2002, and an indirect wholly-owned subsidiary of our Company
“Yingxinfeng WFOE”	盈新豐貴金屬製造(惠州)有限公司 (Yingxinfeng Precious Metal Manufacturing (Huizhou) Limited*), a wholly-foreign owned enterprise with limited liability established in the PRC on 9 December 2010
“HK\$” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“US\$”	United States dollars, the lawful currency of the US
“sq. m.”	square meter(s)
“%”	per cent

Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rates:

US\$1 : HK\$7.8
RMB0.85 : HK\$1

No representation is made that any amounts in US\$, RMB or HK\$ were or could have been converted at the above rates or at any other rates or at all.

In this prospectus, if there is any inconsistency between Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language which are marked with “” are for identification purpose only.*

GLOSSARY OF TECHNICAL AND OTHER TERMS

This glossary contains explanations of certain terms used in this prospectus in connection with our Company and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

“brand owner”	for the purposes of this prospectus (other than the “Industry Overview” section), the owner (or an affiliate thereof) of a brand to which our products relate
“CAGR”	compound annual growth rate
“CNC machinery”	an acronym of computer numerical control machinery, a kind of automated machinery controlled by computer-aided design and computer-aided manufacturing programs
“dual hole drilling machines”	a kind of automated machinery for drilling holes in metallic materials controlled by input of numerical data
“electroplating”	a plating process in which metal ions in a solution are moved by an electric field to coat an electrode. The process uses electrical current to reduce cations of a desired material from a solution and coat a conductive object with a thin layer of the material, such as a metal
“Grade 316 stainless steel”	a specification of stainless steel. An austenitic chromium nickel stainless steel with added molybdenum that increases general corrosion resistance, improves resistance to pitting from chloride ion solutions, and provides increased strength at elevated temperatures
“Grade 316L stainless steel”	an extra-low carbon version of Grade 316 stainless steel that minimizes harmful carbide precipitation due to welding. Grade 316L stainless steel is commonly used for watch bracelets, costume jewellery and accessories
“OEM”	acronym for original equipment manufacturing under which products are manufactured, in whole or in part, in accordance with the designs and specifications of the customer and are marketed under the customer’s brand name

GLOSSARY OF TECHNICAL AND OTHER TERMS

“PVD coating”	acronym for physical vapour deposition, a coating method to deposit thin films of material by the condensation of a vaporised form of the material onto various surfaces. The coating method involves purely physical processes such as high temperature vacuum evaporation or plasma sputter bombardment rather than involving a chemical reaction at the surface to be coated
“REACH”	Regulation (EC) No 1907/2006 of the European Parliament and of the European Council concerning, among others, registration, evaluation, authorisation and restriction of chemicals
“RoHS”	acronym for Restriction of Hazardous Substances Directive, the Directive 2002/95/EC of the European Parliament and of the European Council of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, and the amendments thereto from time to time

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that state our Group's intention, belief, expectation or prediction for the future that are, by their nature, subject to significant risks and uncertainties.

These forward-looking statements include, without limitation, statements relating to:

- the industry regulatory environment as well as the industry outlook in general;
- the amount and nature of, and potential for, future development of our Group's business;
- our Group's business objectives and strategies;
- our Group's capital expenditure plans;
- our Group's operations and business prospects; and
- our Group's future plans.

The words "believe", "intend", "anticipate", "estimate", "plan", "potential", "will", "would", "may", "should", "expect", "seek" and similar expressions, as they relate to our Group, are intended to identify a number of these forward-looking statements. All statements (other than statements of historical facts included in this prospectus), including statements regarding our Group's strategy, plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements reflect our current view with respect to future events, but they are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risks factors as disclosed under the section headed "Risk factors" and elsewhere in this prospectus. One or more of these risks or uncertainties may materialise, or the underlying assumptions may prove to be incorrect. Although the Directors believe that our current views as reflected in those forward-looking statements based on currently available information are reasonable and that our Directors have exercised due care in expressing our views, including the forward-looking statements, in this prospectus, we can give no assurance that those views will prove to be correct, and the investors are cautioned not to place undue reliance on such statements.

Subject to the requirements of the Listing Rules or the applicable laws, we undertake no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect. All forward-looking statements contained in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks associated with an investment in our Company before making any investment decision regarding our Company. You should pay particular attention to the fact that our Company is incorporated in the Cayman Islands and our Group has operations conducted outside Hong Kong and is governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of the Shares, and could cause you to lose all or part of your investment.

RISKS RELATING TO OUR GROUP

We may face difficulties in maintaining our existing customer base and developing new customers and new product category

We are an OEM manufacturer specialising in manufacturing stainless steel products, namely watch bracelets, costume jewellery and accessories such as bag accessories and leather belt buckles for internationally renowned brands with headquarters mainly based in Europe. The success of our business depends on our ability to maintain and expand the volume of businesses with our existing customers and to source and to develop new customers or expand our product category. There is no assurance that we will be successful in continuing to maintain good business relationships with our existing customers or to develop new customers or expand our product category.

Moreover, our customers are either intermediary agents acting on behalf of brand owners or brand owners, who have stringent requirements as to product quality, delivery and our after-sales service. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to or involved in any material claim or dispute with our customers. However, there is no assurance that we will be successful in continuing to maintain our product quality, to deliver our products to our customers in accordance with agreed delivery schedule, or to provide satisfactory after-sales services to our customers at affordable or reasonable costs.

If we are not able to maintain or expand the volume of businesses with our existing customers or to extend our customer base by adding new customers at desired levels or at all, or to develop and expand our product category, or to meet the requirements of our customers on product quality, delivery and after-sale services or any other requirements of our customers at reasonable or affordable costs, our relationship with our customers, our business, financial condition and results of operations could be materially and adversely affected.

We are dependent on our major customers

Our sales to our top five customers during the Track Record Period amounted to about HK\$310.7 million, HK\$235.8 million and HK\$345.2 million, which accounted for about 95.7%, 91.7% and 86.6%, respectively, of our total turnover for each of the years ended 31 December 2008, 2009 and 2010, respectively. Our sales to our largest

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customer during the Track Record Period, Winox S.A., an Independent Third Party which is based in Switzerland, amounted to about HK\$193.3 million, HK\$148.9 million and HK\$218.7 million, which accounted for about 59.6%, 58.0% and 54.9% respectively, of our total turnover for each of the years ended 31 December 2008, 2009 and 2010, respectively. Our sales to Maillor S.A., an affiliate of Winox S.A. and one of our top five customers for the year ended 31 December 2010 which is based in Switzerland, amounted to nil, about HK\$4.0 million and about HK\$16.3 million, representing nil, about 1.5% and about 4.1% of our total turnover for each of the years ended 31 December 2008, 2009 and 2010, respectively. Our total sales to Winox S.A. and Maillor S.A. for each of the years ended 31 December 2008, 2009 and 2010 amounted to about HK\$193.3 million, HK\$152.9 million and HK\$235.0 million, representing about 59.6%, 59.5% and 59.0% of our turnover for the relevant years, respectively.

Winox S.A. had also been our largest and second largest supplier during each of the years ended 31 December 2008 and 2009, respectively.

There is no assurance that our business relationship with our major customers will continue in the future. If any of these customers ceases to do business with us, or substantially reduces the volume of its business with us for whatever reason, and if we are unable to secure new customers with comparable sales volume and profit margin, our profitability and financial position can be adversely affected.

During the Track Record Period, we had been engaged by intermediary agents of brand owners or by brand owners directly to manufacture watch bracelets, costume jewellery and accessories for internationally renowned brands based on the design and requirements of our customers. However, our sales of any particular product, including any end product (such as costume jewellery) and component thereof (such as watch bracelets and belt buckles) is dependent on, among other factors, the market responses and demands of the end product, which can be affected by the brand owner's ability to respond to the changing customer trends or preferences in a timely manner, the popularity of the brands, the product development processes, the product development and marketing plans of the brand owners which we may have no control. There is no assurance that our customers will proceed with the commercial production of any particular new product, or will place orders with us for commercial production thereof, after we have provided our product development services to them. If the sales of any particular end products of the brand owners (or, as the case may be, the component thereof) which are developed and/or produced by us cannot achieve the intended result for whatever reason, the amount of purchases from us for such products by such brand owner and/or its intermediary agent may be adversely affected.

Our business is concentrated on supply of watch bracelets and depends on our customers' ability to sell their products developed and manufactured by us

Our turnover generated from sales of watch bracelets in 2008, 2009 and 2010 was about HK\$242.4 million, HK\$180.8 million and HK\$308.0 million respectively, representing 74.7%, 70.4% and 77.3% of our total turnover for each of the years ended 31 December 2008, 2009 and 2010 respectively. Our Directors understand that our watch bracelet products are supplied to brand owners of luxury goods for their wrist watch

RISK FACTORS

models which are marketed and sold in the high-end retail market. Our results of operations are directly affected by the success of these brand owners in their business. These brand owners may not be able to market and sell their products successfully or maintain their competitiveness due to lack of market acceptance or otherwise. In those circumstances, the intermediary agents of brand owners or our direct brand owner customers may not order new products or decrease the quantity or purchase price of their orders. Our business, results of operations, financial conditions and profitability may be materially and adversely affected by changes in the demand of our watch bracelet products due to changes in demand of our customers' products, and/or luxury wrist watches and/or expected increase in competition or any other reasons.

We derive a substantial portion of our sales from Switzerland and our results of operations are affected by the demand for our products from customers in Switzerland and the global demand for Swiss made luxury products

During the Track Record Period, sales attributable to Switzerland market represent about 78.6% of our total turnover for the year ended 31 December 2008, about 84.1% of our total turnover for the year ended 31 December 2009, and about 71.4% of our total turnover for the year ended 31 December 2010. We anticipate that our export sales to Switzerland will continue to be significant. Therefore, our results of operations are largely affected by the level of demand for our products from our customers in Switzerland which is in turn influenced by a number of factors some of which are beyond our control, including, amongst others, global demand for Swiss made watches or other luxury products and the recent economic downturn. Should general global economic conditions remain weak, global demand for luxury products may decline and demand for end products of our customers, and therefore our products, may decline as a consequence, which could result in declines in our sales and results of operations. Further, when the global economy rebounds, consumer preferences may shift toward more expensive models of luxury products and our customers may have more stringent demands in product quality and delivery that we may not offer, which could also harm our sales and results of operations.

Substantial portion of our sales during the Track Record Period were attributable to intermediary agents and we have no control over the relationship between the intermediary agents and brand owners

Our customers mainly include intermediary agents of brand owners of internationally renowned brands of watch, costume jewellery and luxury products, and brand owners of such brands who are our direct customers. Intermediary agents, including Winox S.A., UVW Limited and Maillor S.A., deal with us directly on behalf of the brand owners in respect of some of the brands of products that we manufacture.

During the Track Record Period, our sales attributable to intermediary agents represent about 84.7% of our total turnover for the year ended 31 December 2008, about 77.3% of our total turnover for the year ended 31 December 2009, and about 75.7% of our total turnover for the year ended 31 December 2010.

RISK FACTORS

As set out in the section headed “Business – Business model” in this prospectus, we understand that these intermediary agents have been engaged by, and have obtained authorisation from the brand owners to manufacture products and utilise intellectual property rights of such brand owners, and we have been directly engaged by these intermediary agent to manufacture these products on a back-to-back basis. Though we have maintained business relationship with some of these intermediary agents for over 10 years, we have no control over the relationship between our intermediary agents and the brand owners and are not involved in their relationship among themselves. In the event of any material change in the relationship between the intermediary agents and the brand owners, including any material change to the terms of such engagement and authorisation granted by any of these brand owners to these intermediary agents in relation to any or all brands of the brand owners for which we are engaged, or any termination of such engagement and authorisation, or the cessation of their relationship, we may not be able to continue to develop and manufacture products for such brands on the same or comparable terms or at all, and our business, financial condition and results of operations could be materially and adversely affected. There is no assurance that we can secure direct business relationships with such brand owners at all or at reasonable terms, or develop new customers who are either brand owners or intermediary agents with comparable sales volume and profit margin. If any of the above materialises, our profitability and financial position can be adversely affected.

We do not have long-term purchase commitments from our customers, which expose us to potential volatility in our turnover

We do not have long-term purchase commitments from our customers and our sales are made on the basis of individual production orders. Our customers may cancel or defer production orders. Our customers’ production orders may vary from period to period, and it is difficult to forecast future order quantities. There is no assurance that any of our customers will continue to place production orders with us in the future at the same volume, or at the same margin, as compared to prior periods, or at all. We may not be able to locate alternative customers to replace purchase orders or sales. There is also no assurance that the volume or margin of our customers’ production orders will be consistent with our expectations when we plan our expenditures. As a result, our results of operations may vary from period to period and may fluctuate significantly in the future.

Fluctuation in the prices and supply of stainless steel materials and components may adversely affect our profit margins and results of operation

Stainless steel is the principal production material used in our products. Our stainless steel materials are supplied to us in the form of bars, plates and wires, and in form of component parts such as screws, pins and buckles. During each of the years ended 31 December 2008, 2009 and 2010, our stainless steel material costs amounted to about HK\$68.0 million, HK\$61.2 million and HK\$79.0 million respectively. The percentage of our stainless steel material costs to our total costs of goods sold during the Track Record Period was about 33.5%, 38.9% and 34.7% for each of the years ended 31 December 2008, 2009 and 2010, respectively. The market price of stainless steel, in particular Grade 316 stainless steel which is the principal type of stainless steel used by us for our production

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purposes, had been fluctuated in the past years. According to the Synovate Report, the average price per ton of Grade 316 stainless steel increased from about US\$4,757 in 2005 to its peak of about US\$7,735 in 2007, then dropped to its trough of about US\$3,758 in 2009, and rebounded to about US\$4,948 in 2010. Further increase in or fluctuation of the market price of stainless steel may increase our costs of goods sold and reduce our gross profit and gross profit margin. For illustration purposes only, had our stainless steel materials costs increased or decreased by 5% (being the rate used by our Group to assess the possible impact of the change in price of stainless steel internally) and all other factors remained unchanged during the Track Record Period, our cost of goods sold would have increased or decreased by about 1.7%, 1.9% and 1.7% for each of the three years ended 31 December 2008, 2009 and 2010, respectively, which would reduce or increase our profit by about HK\$3.4 million, HK\$3.1 million and HK\$4.0 million for each of the three years ended 31 December 2008, 2009 and 2010 respectively. If we are unable to pass on the price increases of stainless steel materials and components to our customers in a timely manner or at all, our business, financial condition and results of operations may be materially and adversely affected.

We have not entered into any long term supply agreement with our suppliers for stainless steel materials and components. There is no assurance that we will always be able to secure a stable supply of stainless steel materials and components at our desired quality and at reasonable costs or at all and in a timely manner on commercially acceptable terms. If we encounter a shortage of stainless steel materials and components or if we are unable to pass on the price increases of stainless steel materials and components to our customers in a timely manner, our business and results of operation could be materially and adversely affected.

We may not be able to maintain our profit margins in the future

We achieved gross profit margin of about 37.6%, 38.8% and 42.8% for each of the three years ended 31 December 2010, respectively. For the same period, our net profit was about HK\$61.5 million, HK\$52.2 million and HK\$91.0 million, respectively, representing net profit margin of about 18.9%, 20.3% and 22.8%, respectively. As our profitability is dependent upon, among other factors, the market competition, the global and local economic conditions and the market demands for our products, our ability to obtain orders and the terms thereof, the cost of purchase of production materials, other production costs and our ability to maintain or improve our cost-efficiency, there is no assurance that we will be able to maintain or improve such gross profit margins or net profit margins as in the Track Record Period.

During the Track Record Period, manufacture and sale of our stainless steel watch bracelets had been our principal business focus, contributed more than 70% of our total turnover during the Track Record Period. It is part of our growth strategies to broaden our products portfolio. We currently intend to put our focus of development on our stainless steel costume jewellery and accessories and expand our product category to include other stainless steel products, such as stainless steel mobile phone cases. There is no assurance that the gross profit margins or net profit margins of these products or such other products from time to time manufactured by us will be similar or higher than what we have attained with our existing product mix during the Track Record Period in the future,

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taking into account the factors as mentioned above. If the market competition intensifies, or if we fail to predict correctly the market reception or growth of any particular product or type of products, or to project accurately the time, labours and cost required for the development and manufacturing of such product, or for such other reasons that affects the profit achievable from any particular product or type of products, our profitability may be adversely affected.

Our efforts to expand our products portfolio may not be successful

We currently plan to leverage our experience to capture the growing market demand for stainless steel products and manufacturing capacities by expanding our product category to include stainless steel cases for mobile phones or other stainless steel products in the future. Expansion into a new product category involves inherent business risks, such as making incorrect judgments as to the anticipated levels of demand and pricing for the new products, and the time and costs involved in developing new products and new customer relationship. Due to inherent difference in market dynamics applicable to different products, we may be forced to adopt different pricing, credit and customers policies in respect of our new products.

There is no assurance that we will be successful in expanding our products portfolio. If we fail to predict correctly the market reception of our new products, or to project accurately the time, labours and costs required for the development and manufacturing of such products, or if we fail to secure sufficient amount of sales order or at all in respect of our new products, or if we are forced to adopt less favourable pricing, credit and/or customers policies in respect of our new products, our business and results of operation may be adversely affected.

We incurred net current liabilities as at 31 December 2008 and 2009

During the Track Record Period, our Group had net current liabilities of about HK\$18.3 million and HK\$1.6 million as at 31 December 2008 and 2009, respectively, which were mainly resulted from the utilisation of bank borrowings and advances from related parties and a director for financing our expansion during the Track Record Period. The Group had achieved a net current assets position as at 31 December 2010 as a result of the income stream generated from our business. Please refer to the section headed "Financial information" of this prospectus for further details.

There is no assurance that we can maintain our net current assets position going forward. In the event that we incur net current liabilities, we may be exposed to liquidity risk. Our future liquidity, the payment of trade and other payables and the repayment of our outstanding debt obligations as and when they fall due depend on our ability to maintain adequate cash inflows from operating activities and adequate external financing. There can be no assurance that we will always be able to raise the necessary funding to finance our current liabilities and our capital commitments. If we fail to do so, our business operations, financial positions and prospects may be materially and adversely affected.

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Our future operating results may depend on the results of our expansion plan and our ability to improve efficiency and production at the existing manufacturing facilities

We currently expect to expand our production capacity by enhancing production efficiency at our Dalang Factory, utilising the production capacity temporarily available at our Dongfengcun Factory and carrying out our expansion plans by establishing new manufacturing facilities at Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC. Please refer to the section headed “Business – Business strategies – Expansion of production capacity” in this prospectus for further details relating to our future expansion plans. Significant capital investment and human resources will be required to establish a new manufacturing facility, which may exceed our original estimation. If we cannot expand our manufacturing capacity in a timely manner in response to changing market conditions, we may not be able to meet demand from our customers, which could cause us to lose customers or market share.

Our future operating results may also depend upon our ability to improve the operations of our existing manufacturing facilities at our Dalang Factory and our Dongfengcun Factory, and our ability to achieve the same efficiency and quality standard as at our Dalang Factory and our Dongfengcun Factory for our planned new manufacturing facility at Huzhen, Huizhou, Guangdong Province, the PRC. If we cannot achieve a similar efficiency and quality standard at our new manufacturing facility as that at our existing manufacturing facilities, our future operating results may be materially and adversely affected.

We face various legal obstacles and procedures with respect to our future plans for our Huzhen Factory

It is part of our current expansion plan by establishing new manufacturing facilities at Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC, the details of which are set out in the “Business — Business Strategies — Expansion of production capacity” and the “Future plans and use of proceeds from the Share Offer — Use of proceeds” sections of this prospectus. After completion of the initial stage of construction of the Huzhen Factory, we plan to relocate the operation of the Dongfengcun Factory and disperse part of our manufacturing operation for costume jewellery and accessories at Dalang Factory to the Huzhen Factory. In this connection, we have obtained the operation rights of land contracted (土地承包經營權) in respect of five parcels of land in the Huzhen Site, which are village-collectively-owned land for agricultural land uses with an aggregate site area of about 697,666.67 sq.m., in January 2010 for a consideration of RMB16.3 million (equivalent to about HK\$19.2 million) from two Independent Third Parties, of which about RMB14.0 million (equivalent to about HK\$16.5 million) had been paid as at 30 April 2011. Details of our interests in the Huzhen Site have been set out in Appendix IV to this prospectus.

As advised by our PRC legal advisers, we have to overcome potential legal obstacles and complete certain legal procedures to achieve the intended use of and acquire all or part of the Huzhen Site for the purposes of our Huzhen Factory expansion plans, including the following material issues: (1) converting the current permitted land uses of the Huzhen Site from agricultural land uses to industrial land uses by the local

RISK FACTORS

land administrative authorities or the provincial government authorities, and expropriating the land by the local people's government with the approval of the provincial government or such higher government authorities; (2) converting the ownership nature of the Huzhen Site from village-collectively-owned land to that of state-owned land which is open for industrial land uses by undergoing public auction procedures specified by the local government authorities; (3) obtaining the certificate for the use of state-owned land (國有土地使用證) for the Huzhen Site by going through public auction processes as more particularly described in the section headed "Business – Properties – Leased properties and the operating rights of land" of this prospectus; (4) obtaining the Planning Permit for Construction Works (建設工程規劃許可證) and the Permit for Commencement of Construction Works (建築工程施工許可證) from the local government authorities for the construction of factory premises and ancillary buildings in the Huzhen Site in accordance with our future factory plans; and (5) obtaining clearance from the local government authorities in respect of the environmental assessment, fire safety, production safety and such other aspects of the construction and operations of the Huzhen Factory as may be required by the local government authorities. There is no assurance that we can, within a reasonable time and at reasonable costs or at all, fulfil and complete all legal requirements for our intended use of all or part of the Huzhen Site for the purposes of our Huzhen Factory. In the event that we are unable to overcome the legal obstacles, complete the requisite legal procedures and acquire the ownership rights of the Huzhen Site, the amount of the said consideration of RMB16.3 million paid or payable by us together with other costs and expenses incurred or to be from time to time incurred by us in respect of the Huzhen Site, including the related prepayment and duties of about RMB1.9 million as well as the construction costs of about RMB1.8 million paid up to 30 April 2011, will not be refundable to us. Nonetheless, unless the land comprising the Huzhen Site is expropriated by the government, we could transfer the operation rights of land for the Huzhen Site to a third party for compensation or benefits, but there is no assurance that we will be able to recover the entire amount of the said consideration, costs and expenses through the sale, or that we will be able to sell such operation rights of land to a third party at all, in which case our results of operation can be adversely affected.

While it is part of our future plans to establish our Huzhen Factory in alternative suitable site in Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC in the event that we cannot overcome the above legal obstacles and complete such legal procedures in respect of the Huzhen Site, there is no assurance that we can locate any such alternative suitable sites, or fulfil and complete all legal requirements in respect of the use of such alternative sites, within a reasonable time and at reasonable costs, or at all. In the event that we cannot locate any suitable site for the establishment of our Huzhen Factory, or fulfil and complete all such requisite legal requirements under the PRC laws, we may not be able to relocate the operation of the Dongfengcun Factory and disperse part of our manufacturing operation for costume jewellery and accessories at Dalang Factory to the Huzhen Factory and/or carry out our future expansion plans, and our business and future operating results may be materially and adversely affected.

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We concentrate our production operations at our Dalang Factory and Dongfengcun Factory and any disruption of operations at these facilities may adversely affect our operations

As at the Latest Practicable Date, we principally relied on our Dongfengcun Factory and our Dalang Factory for the production of all our stainless steel products such as watch bracelets, costume jewellery, accessories and mobile phone cases. Any disruption or cessation of operation of any of these facilities, whether caused by power shortage, labour strikes, riots, fire or any other disastrous events that are beyond our control, our production of the relevant products can be adversely affected.

Our business requires significant capital investments and a high level of working capital to sustain our operations and business growth

Our business is capital intensive and we depend on cash generated from our operations as well as access to external financing to operate and expand our business. Our future funding requirements will depend, to a large extent, on our working capital requirements and the nature of our capital expenditures, our business performance, market conditions and other factors which are beyond the control and anticipation of our management. The tightening of credit which resulted from the recent economic downturn may increase the interest expenses on our bank borrowings and create difficulties for our Group to renew existing banking facilities and/or obtain additional sources of debt financing, which may affect the amount of banking facilities available to our Group. The lender may withdraw facilities, request for early repayment of outstanding loans or increase in the amount of pledges for secured borrowings. Further, if our Group requires additional debt financing, the lenders may require us to agree on restrictive covenants that could limit our flexibility in conducting future business activities. We need substantial capital expenditures to maintain and continuously upgrade and expand our production facilities and design and development functions to keep pace with the competitive landscape and changing requirements in our industry.

Our gearing was on an increasing trend during the Track Record Period, and the gearing ratio as at 31 December 2008, 2009 and 2010 were about 0.17, 0.34 and 0.42, respectively. Our reliance on external financing to operate and expand our business may lead to further increase in our gearing which may materially and adversely affect our financial positions.

In addition, we plan to continue expanding our production. Our expansion plans, which include the establishment of new manufacturing facilities at Huzhen, Huizhou, Guangdong Province, the PRC, and the purchase of new equipments, require capital. It is currently expected that the initial phase of the Huzhen Factory will involve total capital expenditure of about HK\$180 million. We expect to fund our capital expenditures through internally-generated cash flow, bank borrowings, and the net proceeds we receive from the Share Offer. Our ability to obtain financing through bank borrowings, or debt or equity financing, will depend on our financial condition and results of operations, the performance of our industry, and political and economic conditions in China. There is no assurance that adequate funds can be obtained on acceptable terms, or at all. If capital is unavailable, we may be forced to curtail our expansion plans, which could result in an inability to successfully implement our business strategy.

RISK FACTORS

We rely on our major suppliers

Our major suppliers include production materials suppliers as well as component parts suppliers. For each of the years ended 31 December 2008, 2009 and 2010, purchases from the five largest suppliers of our Group amounted to about HK\$44.3 million, HK\$20.3 million and HK\$38.6 million and accounted for about 57.0%, 27.5% and 40.8% of our Group's total purchases respectively, and purchases from our largest supplier amounted to about HK\$22.1 million, HK\$6.7 million and HK\$22.2 million and accounted for about 28.5%, 9.1% and 23.4% of our Group's total purchases respectively.

Winox S.A., which was our largest customer during the Track Record Period, had also been our largest and second largest supplier during each of the years ended 31 December 2008 and 2009 respectively, and we had made purchases amounting to about HK\$22.1 million and HK\$5.9 million from Winox S.A. for each of the years ended 31 December 2008 and 2009 respectively, representing about 28.5% and 8.0% of our direct material purchased for the respective year. Subsequently, the component parts required for production of products ordered by Winox S.A. have been supplied by it to us without charges with a corresponding downward adjustment in the price of products ordered by Winox S.A.. Winox S.A. ceased to be one of our top five suppliers in the year ended 31 December 2010.

There is no assurance that any of our major suppliers will continue to supply production materials or component parts to us at our desired quality or at all and in a timely manner or on commercially acceptable terms. If any of our major suppliers fails to meet our purchase orders on a timely basis or fails to offer us commercially acceptable terms or fails to supply us with production materials or component parts of the quality that we require or terminates its business relationship with us, we may be unable to source production materials or component parts from comparable alternative suppliers on a timely basis and on commercially acceptable terms or at all, and our business, financial condition and results of operations may be materially and adversely affected.

Some of our major suppliers may be affected by the recent natural disasters in Japan

For the year ended 31 December 2010, three out of the top five suppliers of our Group were suppliers of stainless steel materials which, to the best of our Directors' knowledge, had been either manufacturing their products in Japan or sourcing their production materials from Japan. Our Directors noted that some Japanese steel mills have been forced to suspend or disrupt their production because of the earthquake and the subsequent tsunami and power shortage that had affected a wide area in Japan and caused disruption to economic activities there.

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These major suppliers of our Group may be affected by the disruption to stainless steel production in Japan and may not be able to maintain their supply to us at our desired quality or at all and in a timely manner and at substantially the same price as before or on commercially acceptable terms. Even though none of the abovementioned major suppliers failed to maintain their supply to us as at the Latest Practicable Date, if any of these major suppliers fails to meet our purchase orders on a timely basis, or fails to offer us commercially acceptable terms, or fails to supply us with stainless steel materials or component parts of the quality that we require, we may need to source these production materials or component parts from comparable alternative suppliers, but there is no assurance that we will be able to source such production materials or component parts on a timely basis at reasonable cost and on commercially acceptable terms or at all. If the prices of our production materials are increased, we may not be able to increase the price of our products correspondingly in a timely manner or at all. If any of the above materialises, our business, financial condition and results of operations may be materially and adversely affected.

In light of the reported radiation leakage and contamination in Japan as a result of the recent earthquake and tsunami there, our customers may require us to conduct radiation check on our finished products, even though none of our customer has requested us to conduct radiation check on our finished products as at the Latest Practicable Date. As a result, our Group may have to divert substantial resources to ensure that our production materials and finished products are of the requisite safety standards of our customers, and our business and results of operations may be materially and adversely affected.

We share the same business name of “Winox” with Winox S.A. and any change in our business relationship with Winox S.A. may lead to potential disputes in respect of the use of our business name, our trademark and other intellectual property rights

Given the business relationship between our Group and Winox S.A., an intermediary agent for owners of five internationally renowned brands of luxury watches, and the founding of the business of our Group by the acquisition of assets from Independent Third Parties which carried on their business in the name “Winox”, we have adopted the name of “Winox” as our business name, which was derived from “inox” meaning “stainless steel” in French and “stainless” in Italian and has registered “Winox” as our registered trademark in Hong Kong and the PRC. However, we may suffer from reputational damage by using the same business name of “Winox” if Winox S.A. attracts negative publicity or if the reputation of Winox S.A. deteriorates for any reason.

Winox S.A. had been our largest customer during the Track Record Period, and we have over 10 years of business relationship with Winox S.A.. During the Track Record Period and up to the Latest Practicable Date, our Group has not been involved in any litigation or material dispute with Winox S.A. However, there is no assurance that our business relationship with Winox S.A. may continue in the future. In the event that our business relationship with Winox S.A. deteriorates or is terminated, there may be potential disputes with Winox S.A. on the continued use of the business name of “Winox” and/or intellectual property rights associated with the business name, such as the use of our registered trademark.

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In the event of any legal claim from Winox S.A., whether with merits or not, we may need to defend our legal rights in the use of the business name of “Winox”, our registered trademark and any associated intellectual property rights in legal proceedings. We may be required to divert substantial costs and resources including our management’s time to defend our positions. If we do not succeed in these proceedings, we could lose our right to use “Winox” as our business name and/or our proprietary rights over the intellectual property rights associated with the business name, such as our registered trademark, and we may be required to pay expensive legal costs. As a result, our business, reputation, financial condition and results of operations could be materially and adversely affected.

We may be involved in intellectual property right and trade secret disputes and we may not be able to adequately protect our technical know-how

We are required to enter into confidentiality agreements with our customers in relation to product design and other intellectual property rights of our customers and other information deemed to be confidential by our customers. We do not typically file a patent for any design or moulds we produce. The three-dimensional drawings of products, based on our customer’s two-dimensional drawings, and the logos, trademarks and other intellectual property rights that we utilise in our design and development processes and the moulds that we produce for our manufacturing purposes, are properties of our customers and we are bound by our confidentiality undertaking to our customers in relation to the use of such information or properties. While we endeavour to comply with our confidentiality undertakings in favour of our customers, there is no assurance that the measures taken by us are sufficient and appropriate for the purposes of our confidentiality undertaking and at affordable or reasonable costs or at all.

In the event of any claim for breach of confidentiality from our customers, whether with merits or not, we may be required to divert substantial costs and resources including our management’s time to defend our positions, and our relationship with our customers, our business, financial condition and results of operations could be materially and adversely affected.

Our trade secrets relating to our production and manufacturing processes, in the form of technical know-how, might be infringed upon by other parties. We may lack adequate protection in guarding our trade secrets. Any significant infringement of our trade secrets and the manufacturing techniques and processes used in our business could weaken our competitive position and have an adverse effect on our operations. In addition, we may need to defend our intellectual property rights including our trade secrets in legal proceedings. If we do not succeed in these proceedings, we could lose our proprietary rights over our intellectual property rights and we may be required to pay expensive legal costs. Also, defending legal claims may be costly and would divert the efforts of our management and technical personnel.

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Our manufacturing techniques and machinery and technical know-how may become obsolete

We consider that our manufacturing techniques and processes in the handling of stainless steel materials vital to the continued success of our business, especially our polishing techniques in manufacturing and processing our stainless steel products. To enhance production capacity and efficiency and our manufacturing techniques, we made substantial investment in production equipment.

Our customers' requirements and product specifications and statutory requirements as to product safety are subject to changes, and we may incur significant costs in adapting to such new requirements or specifications. Our competitors may develop manufacturing techniques which are superior to ours in terms of costs, time and product quality, which would render our production techniques obsolete and our business non-competitive. Equipment manufacturers may also develop new production machinery which would render our existing machinery obsolete. If any of these factors materialises, our business, results of operations and profitability could be materially and adversely affected.

Our insurance coverage may not be sufficient to cover the risks related to our product liability, operations and losses

Our operations are subject to hazards and risks associated with our manufacturing operations, which may cause significant harm to persons or damage to properties. We maintain insurance for our offices, manufacturing facilities and inventories in the PRC and Hong Kong. We also maintain insurance against losses of cargo shipments in connection with our shipment of products from our factories in the PRC to our Hong Kong warehouse, and shipment of our products to some of our customers, and personal injury and medical treatment insurances for our Hong Kong staff travelling to or stationed in the PRC. However, we do not maintain any product liability insurance for our products, and our business, financial position and results of operations may be adversely affected as a result of any successful product liability claim against us. There is also no assurance that our insurance policies will be adequate to cover all losses incurred. Losses incurred and associated liabilities may have a material adverse effect on our results of operations if such losses or liabilities are not covered by our insurance policies.

We are subject to foreign exchange exposure and currency conversion risks

Our Group's foreign exchange risk arises mainly from the mismatch between the currency of our sales, purchases and operating expenses. During the Track Record Period, a material portion of our costs was denominated in RMB, whereas our sales were mainly denominated in US\$ and HK\$. During the Track Record Period, we had not adopted any financial instrument to hedge our foreign currency exchange risks. For each of the years ended 31 December 2008, 2009 and 2010, although none of our turnover was received in RMB, about 49.6%, 47.1% and 63.1% of our Group's cost of goods sold was settled in RMB. Our Directors note that RMB had been appreciating against US\$ and HK\$. Though we may be able to pass on all or part of the increased cost to our customers, any further appreciation of RMB would increase the effective cost to our Group of satisfying our production cost in RMB. Further expansion of our business in the PRC may also lead to our increased exposure to the exchange risk caused by the appreciation of RMB, which may materially and adversely affect our financial conditions and profitability. Based on

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the assessment carried out by our management and for illustration purposes only, had RMB appreciated against HK\$ by an additional 3% throughout the Track Record Period, the cost of goods sold of our Group would have increased by about HK\$3.0 million, HK\$2.2 million and HK\$4.3 million for each of the three years ended 31 December 2010, respectively. If RMB depreciated against HK\$ by 3% of the then prevailing rates during the Track Record Period, there would have been an equal and opposite impact on the cost of goods sold of our Group during the Track Record Period.

Potential impact of power supply shortage

Most of our production processes are semi-automated or involve the use of machinery, and therefore rely on an adequate and stable supply of electricity. A power surge or outage could disrupt or even result in the halt of our production process and thereby adversely affect our manufacturing yield. As our production facilities expand, our production capacity increases and our business grows, our demand for adequate and stable supply of electricity supply will also increase. Therefore, as our Group's business continues to grow, in the event that electricity supplies do not improve correspondingly, the current supply of electricity may not be sufficient to support our Group's growth. We may need to limit or delay our production if we face any suspension or shortage of electricity supply which would have an adverse impact on our Group's profitability. Though our own power generators installed at our production facilities can provide us with limited backup supply of electricity, any prolonged shortage of electricity will cause disruption to our Group's production.

Higher labour and production materials costs would reduce our margins and profitability

The principal production material used by us is stainless steel. The global stainless steel price for grade 316 stainless steel (which is the principal type of stainless steel used by us for our production) had been fluctuated in the past years. According to the Synovate Report, the average price per ton of grade 316 stainless steel increased from about US\$4,757 in 2005 to its peak of about US\$7,735 in 2007, then dropped to its trough of about US\$3,758 in 2009, and rebounded to about US\$4,948 in 2010. We do not have long-term supply contracts with our production material suppliers, including suppliers of stainless steel. If we are unable to pass on any increase in the cost of production materials to our customers or otherwise reduce our production costs, our result of operations may be adversely affected.

Our OEM business and some of our manufacturing processes are labour intensive. We employed over 3,000 employees by the end of 2010. For each of the years ended 31 December 2008, 2009 and 2010, direct labour costs represent about 29.0%, 34.7% and 35.2% of our total costs of goods sold respectively. In recent years, average labour costs in the PRC have increased due to higher living standards and the PRC government's recent policies to raise the minimum wage for the workers. If this trend continues, our average labour costs would continue to increase in the near future. In addition, as the competition for skilled workers is increasingly intensive, we plan to continue to improve the working environment in our manufacturing facilities, and the living facilities for our employees, in order to retain them for longer terms. These improvements may require significant capital investment. A significant increase in labour costs in the PRC, in particular in Guangdong province where our operating subsidiaries in the PRC locate, could adversely affect our margins and profitability.

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Reliance on key management personnel may impose risks on our Group

Our Group's performance and success is, to a significant extent, attributable to the vision and leadership of our founder and Chairman, Mr. Yiu, and the contribution of our senior management staff, including but not limited to Mr. Li, Mr. Chan, Mr. Ng, Mr. Wong Wing Yin and Mr. Lam Man Wai, who have been in the industry for an average of 20 years.

The future success of our Group will depend on the continued involvement, efforts, performance and abilities of the Directors and senior management team of our Group as a whole. Competition for senior management and key personnel, in particular, qualified, skillful and experienced practitioners in the stainless steel products manufacturing industry, is intense and the pool of experienced candidates is limited. There is no assurance that our Group can maintain, develop and continually tap on the experience and skills of our key personnel, and we may lose our key personnel to competitors.

In addition, as we seek to carry out our expansion plans by establishing new manufacturing facilities which will require significant human resources, and seek to appoint our internal experienced personnel to management positions in our new manufacturing facilities, a shortage of such personnel may significantly restrict our future expansion, including our expansion plan with regard to our planned new manufacturing facilities at Huzhen, Huizhou. If our Group fails to retain our key personnel or attract and engage a suitable replacement or recruit suitable new appointees on a timely basis, it may result in the loss of strategic leadership, disruption or delay to business operation or expansion, which may materially and adversely affect the business strategies, business, operations and financial condition of our Group.

Labour shortage could disrupt our production or expansion plans

Some of our manufacturing processes are labour intensive. By the end of 2010, we employed over 3,000 employees. Our Dongfengcun Factory and our planned new production facility at Huzhen, Huizhou, Guangdong Province, the PRC will also involve labour-intensive operations. Our management takes note that there is increasing difficulty in recruiting and retaining staff among labour intensive enterprises in Guangdong Province of the PRC, in particular in Dongguan where our manufacturing facilities locate. There is no assurance that we will be successful in retaining and recruiting suitably qualified workers in sufficient numbers and in time for our existing and future manufacturing operations at reasonable costs or at all, and any prolonged shortage of labour could materially and adversely affect our operations, relationship with customers, our market reputation and financial results.

Labour disputes could significantly disrupt our manufacturing operations

Our manufacturing operations require a large skilled workforce. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant problems with our employees or disruption to our operation due to labour disputes, nor had our Group experienced any significant difficulties in the recruitment and retention of experienced staff. However, there is no assurance that significant labour disputes with our employees will not arise in the future. Any such labour dispute could

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interrupt our operations, harm our reputation and divert our management's attention and resources, which could have a material and adverse effect on our business operations and our financial condition. In addition, we may be liable for fines assessed by relevant government authorities or incur settlement costs in order to resolve labour disputes. We may also be subject to higher labour costs in the future when recruiting new employees due to the reputational damage caused by these labour disputes.

Our manufacturing operations are subject to various safety, health and labour guidelines imposed by either the government or by customers which may increase our costs or restrict our operations

We are subject to a variety of guidelines imposed either by governments of the jurisdictions at which we carry on our business operations, or that of the jurisdictions to which our products are exported, or by customers relating to safety, health and labour conditions. The failure by us and/or third-party manufacturers to whom we outsource manufacturing to comply, or the allegation of such non-compliance, with any present or future customer guidelines could result in loss of customer contracts or a cessation of operations and damage to our reputation. New customer guidelines could also require us and/or third-party manufacturers to whom we outsource manufacturing to acquire costly equipment or to incur significant expenses.

Potential legal defect in certain properties in the PRC where our products are manufactured could adversely affect our ownership and use of such properties

Though we have obtained the Certificate for the Use of State-owned Land for our Dalang Factory on 10 April 2003, during the Track Record Period we had not obtained title certificates that allow us to freely use, transfer, mortgage or otherwise dispose of the eight buildings in the Dalang Factory. The eight buildings accounts for an aggregate gross floor area of about 14,163.30 sq.m., representing about 30.54% of the total gross floor area of the 15 buildings in our Dalang Factory. We have subsequently applied for the necessary building ownership certificates for three buildings with an aggregate gross floor area of about 10,728.30 sq.m., representing about 23.13% of the total gross floor area of the 15 buildings on the Dalang Factory. Two of these three buildings has been used by us as factory buildings housing our production facilities, while the third building houses our guard rooms. Moreover, we are unable to obtain the necessary building ownership certificates for the other five buildings which have an aggregate gross floor areas of about 3,435.00 sq. m. representing about 7.41% of the total gross floor area of the 15 buildings on the Dalang Factory, and with an aggregated net book value of about RMB2.0 million (equivalent to about HK\$2.4 million) as at 30 April 2011 due to our failure to obtain the necessary construction permits, that is, the Planning Permit for Construction Works (建設工程規劃許可證) and the Permit for Commencement of Construction Works (建築工程施工許可證) when such buildings were constructed. One of those five buildings is used by our Group for acid etching production processes which are used to engrave trademark logos or generic marks on our Group's products. Please refer to the section headed "Business — Manufacturing processes" of this prospectus for further information in relation to our arrangement in respect of our acid etching processes. The remaining four buildings are mainly used for training and warehouse purposes. As advised by our PRC legal advisers,

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under the applicable PRC laws, the local government authorities may require us to demolish such five buildings within a specified period of time, and impose on us a fine equivalent to up to 6% of the initial cost of these five buildings, representing a maximum amount of about RMB148,000 (equivalent to about HK\$174,000). We currently estimate that the maximum financial exposure in relation to the demolition of these five buildings will amount to about RMB2.3 million (equivalent to about HK\$2.7 million).

The Dalang Office for Completing Property Rights Formalities of Built Properties (大朗鎮已建房屋補辦房地產權手續工作辦公室), (a competent regulatory authority as advised by our Company's legal advisers as to PRC laws) has confirmed that they have received our applications for issuance of the above missing construction permits and building ownership certificates for three buildings with an aggregate gross floor area of about 10,728.30 sq.m. As advised by the Company's PRC legal advisers, pursuant to the local regulations of Dongguan for completing property rights formalities of built properties, the three buildings in Dalang Factory shall go through the procedures of planning approval, construction approval, completion inspection and fire inspection before Winox WFOE can complete the relevant procedures for obtaining the building ownership certificates for the three buildings. There is no assurance that Winox WFOE can complete all such procedures and obtain the title certificates. As advised by our PRC legal advisers, under the applicable PRC laws, until and unless of the above missing construction permits and building ownership certificates are issued, the local government authorities may require us to demolish such three buildings within a specified period of time, and impose on us a fine up to 6% of the initial costs for these three buildings, representing a maximum amount of about RMB722,000 (equivalent to about HK\$850,000).

As the production facilities that have been set up in the relevant buildings in Dalang Factory with defective titles are integral to the production processes at Dalang Factory, it is not possible to reach a reliable estimate on the impact on the revenue and profit contribution of our Group from properties with defective titles during the Track Record Period. As at 30 April 2011, the net book value of the eight buildings with defective titles amounted to about RMB13.0 million.

We cannot guarantee that we will be able to effectively mitigate the possible adverse effects that may be caused by the loss of such properties or by ownership dispute or claim regarding such properties. Our Directors currently expect that the maximum financial exposure of our Group in relation to the demolition of the eight buildings will amount to about RMB15.2 million. Please refer to the section headed "Business – Properties" in this prospectus for further details.

We are exposed to credit risk of our customers

As at 31 December 2008, 2009 and 2010, our Group recorded trade receivables balances of about HK\$32.2 million, HK\$41.0 million and HK\$89.7 million respectively, accounted for about 15.1%, 19.9% and 26.9% of our Group's total assets, respectively, which were on an increasing trend.

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The credit period granted by us to our customers is considered on a case-by-case basis ranging from 30 days to 90 days. As at 31 December 2008, 2009 and 2010, the average debtors' turnover days were about 55.2 days, 52.0 days and 59.8 days, respectively. There may be a risk of delay in payment by our Group's customers from their respective credit period, which in turn may result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade receivables from the customers or that they will settle our trade receivable in a timely manner. In the event the settlements from the customers are not made in full or not on a timely manner, the financial position, profitability and cash flow of our Group may be adversely affected.

Our historical dividend may not be indicative of our future dividends

Certain subsidiaries of our Company had declared interim dividends of nil in 2008, HK\$34.8 million in 2009, about HK\$29.3 million in 2010 and about HK\$8.8 million in 2011 to their then shareholders prior to Reorganisation. We cannot assure you that we will pay dividends in the future, and potential investors should be aware that the amount of dividends that were paid in the past should not be used as a reference or basis upon which future dividends will be determined. Whether dividends will be distributed and the amount to be distributed will depend on factors such as our profitability, financial condition, business development requirements, future prospects and cash requirements. Any declaration and payment, as well as the amount of dividends, will be subject to our constitutional documents and the Cayman Islands laws, including the approval of our Shareholders and our Directors. We cannot assure you that we will make any dividend payments on our Shares in the future.

RISKS RELATING TO THE INDUSTRY

Our industry is subject to economic and market conditions. There has been significant deterioration and volatility in the global financial markets recently. As a result, our business operations may be adversely affected

Our business depends substantially on the global economic and market conditions. Slowing economic growth or a recession could have a material adverse effect on our business, financial condition and results of operations as well as affecting our expansion strategies. Periods of relatively slow economic growth, a recession or public perception that a slowdown or recession may occur, may decrease the demand for our customer's products and hence our products, thereby adversely affecting our sales and profitability. For example, during periods of slowing economic growth or recession, consumer spending may drop as they are less willing to spend money. As our products are ultimately sold by our ultimate brand owners as part of their products to consumers in the high-end retail market, a drop in consumer spending power in luxury products could lead to a drop in demand for the brand owners' products, and in turn, adversely affect the demand of our products and thereby adversely affecting our results of operations and financial conditions. Primarily as a result of the worldwide decline in demand for luxury goods affected by the global financial crisis beginning from the fourth quarter of 2008, we had recorded a decrease in our turnover and profit for the year of about 20.8% and 15.2%, respectively, for the year ended 31 December 2009 as compared with that for the year ended 31 December 2008.

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Certain recent adverse financial developments have impacted the global financial markets. These developments include a general slowing of economic growth both in the U.S. and globally and a drop in consumer expenditure in general, substantial volatility in equity securities markets, volatility and tightening of liquidity in credit markets. Economic downturn has also affected the purchasing power of our customers and their demands.

It is difficult to predict how long these conditions exist and which markets and businesses of our Company may be affected. These developments could continue to present risks for an extended period of time for our Group, including a potential slowdown in our sales to our customers. If this economic downturn continues, our business, financial condition and results of operations may be adversely affected.

We operate in a highly competitive industry

We face keen competition in our business as an OEM manufacturer specialising in manufacturing stainless steel products for our customers based on their design and specifications. The stainless steel watch bracelet, costume jewellery and accessories manufacturing industry is highly competitive. Our Directors believe that our competitors are primarily other OEM manufacturers specialising in manufacturing stainless steel products based in the PRC, who have the manufacturing capability and expertise to cater for the demands of internationally renowned brands or customers for luxury products with emphasis on product quality. We compete principally on product quality, pricing, reputation, product development skills, manufacturing techniques, production capacity and delivery and customer service, with varying emphasis on these factors depending on the market, the customer and the product in consideration. Our business is also capital intensive and we need substantial investments in sufficient number of advanced and sophisticated production equipment, such as CNC machinery, in order to meet the requirements of our customers, particularly for customers of mobile phone cases, for precision, cost-efficient and large volume production. Our results of operation could be materially and adversely affected should we be unable to compete successfully in one or more of the foregoing areas. There is no assurance that we will be successful in maintaining or expanding our market share against our competitors. Our competitors may be able to respond quickly to new or changes in market trend or customer requirements and/or demands or adopt more competitive pricing policies. Existing and/or increased competition could adversely affect our market share and materially affect our business, financial condition and operating results.

We also attribute our success to our product quality and manufacturing techniques, in particular our polishing techniques for stainless steel materials. Any of our competitors may develop similar or better manufacturing techniques than ours, or provide better product quality than us at competitive pricing. There is no assurance that we may continue to refine and develop our manufacturing techniques, or keep up with design and develop improvement to maintain our competitive advantages. If our competitors are more successful in developing their manufacturing capability and expertise to cater for the demands of internationally renowned brands or customers for luxury products with emphasis on product quality, they may be able to expand their customer base faster and obtain more order than us. We may lose our competitive advantage with more such manufacturers on the market. In such event, our business operations and profitability may be materially and adversely affected.

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The business of our Group may be affected by outbreaks and recurrence of epidemics, natural disasters, acts of war, terrorist acts, political unrest and other events which are beyond our control

Certain countries have experienced epidemics such as the severe acute respiratory syndrome, avian influenza and natural disasters such as fire, floods, droughts, blizzards and earthquakes, which have had an adverse impact on the economies of the affected countries.

Where there is an outbreak or a recurrence of epidemics or natural disaster in any country, acts of war, terrorist acts, political unrest and other events which are beyond our control, this could result in disruption to our business or that of our customers or our suppliers, which could in turn adversely affect our operations and financial results.

RISK RELATING TO CONDUCTING BUSINESS IN THE PRC

Political and economic policies of the PRC government and social conditions and legal developments of the PRC could affect our business

Our results, financial condition and prospects are to a significant degree subject to the economic, political and legal developments of the PRC, as a substantial part of our assets and business operations are located in the PRC. The economic, political and social conditions, as well as government policies, including taxation policies, of the PRC, could affect our business. The PRC economy differs from the economies of most developed countries in many respects, including its structure, level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. The PRC economy has historically been a planned economy and has been in a transitional stage to a more market-driven economy. The PRC government continues to play a significant role in regulating industries by imposing industrial policies. There can be no assurance that economic, political or legal systems of the PRC will not develop in a way that is detrimental to our business, results of operations and prospects.

The government control of currency conversion could affect our business operations

At present, RMB is not freely convertible to other currencies. Under the current foreign exchange regulations, RMB is convertible without approvals from the State Administration of Foreign Exchange of the PRC (“SAFE”) or its local counterpart only with regard to current account transactions, including trade and service related foreign exchange transactions and payment of dividends to foreign investors, while the foreign exchange transactions in respect of capital account items including the foreign currency capital in any foreign investment enterprise in the PRC, the repayment of foreign currency loans and the payment pursuant to foreign currency guarantees, continue to be subject to significant foreign exchange controls and require the prior approval of the SAFE or its local counterpart. There can be no assurance that the PRC government will not impose more stringent restrictions on the convertibility of RMB, especially relating to foreign exchange transactions. If the PRC government imposes additional restrictions on the convertibility of RMB, we may have difficulties remitting out the profits generated from our operations in the PRC, which may in turn adversely affect our ability to pay dividends to Shareholders in HK\$ or other foreign currencies.

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Uncertainties regarding interpretation and enforcement of the PRC laws and regulations may impose adverse impact on our business, operations and profitability

Although many laws and regulations have been promulgated and amended in the PRC since 1978, the PRC legal system is still not sufficiently comprehensive when compared to the legal systems of certain developed countries. The interpretation of the PRC laws and regulations involves significant uncertainties and different degrees of inconsistencies. Some of the laws and regulations are still at a developing stage and are therefore subject to policy changes.

Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. In addition, it may also be difficult to enforce judgments and arbitration awards in the PRC. Many laws and regulations in the PRC are promulgated in broad principles and the Central People's Government has gradually laid down implementation rules and has continued to refine and modify such laws and regulations. As the PRC legal system develops, the promulgation of new laws or refinement and modification of existing laws may affect foreign investors. There can be no assurance that future changes in legislation or the interpretation thereof will not have an adverse effect upon our business, operations or profitability.

Our labour costs may increase for reasons such as the implementation of the Labour Contract Law of the PRC or a labour shortage in the places we operate

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) (the “**Labour Law**”) became effective on 1 January 2008 in the PRC. It imposes more stringent requirements on employers in relation to entry into fixed term employment contracts and dismissal of employees. Pursuant to the Labour Law, the employer is required to make severance payment to fixed-term contract employees when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or are better than those stipulated in the current employment contract. In general, the amount of severance payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the Labour Law. In addition, the employer is also required to enter into non-fixed term employment contracts with employees who have worked for them for more than 10 years or, unless otherwise provided in the Labour Law, to enter into non-fixed term employment contracts with employees whose fixed term employment contracts have been concluded for two consecutive terms since 1 January 2008.

In addition, under the “Regulations on Paid Annual Leave for Employees” (職工帶薪年休假條例) (the “**Regulation**”), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the Labour Law and the Regulation, our labour costs may increase. Further, under the Labour Law, when we terminate our PRC employees'

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employment, we may be required to compensate them for such amount which is determined based on their length of service with us, and we may not be able to efficiently terminate non-fixed term employment contracts under the Labour Law without cause. In the event we decide to significantly change or decrease our workforce, the Labour Law could adversely affect our ability to effect these changes cost-effectively or in the manner we desire, which could result in adverse impact to our business, operations or profitability.

In addition, if there is a shortage of labour or for any reason the labour cost in the PRC or any other country in which we operate rises significantly, the cost of production of our products is likely to increase. This may in turn affect the selling prices of our products, which may then affect the demand of such products and thereby adversely affect our sales and financial condition. Increase in costs of other components required for production of our products may cause similar adverse effects, particularly if we are unable to identify and employ other appropriate means to reduce our costs of production. Furthermore, we may not be able to pass on the increased cost to customers by increasing the selling prices of our products if the competitive pressure in the market continue to increase. In such circumstances, our profit margin may decrease and our financial results may be adversely affected.

Any changes in our tax treatment, including an unfavourable change in preferential enterprise income tax rates in the PRC, may have a material adverse impact on our financial condition and results of operations

On 16 March 2007, the National People's Congress of the PRC promulgated the Corporate Income Tax Law of the PRC (中華人民共和國企業所得稅法) (the "New Tax Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Tax Law (the "Implementation Regulations"). According to the New Tax Law and the Implementation Regulations, the statutory tax rate of 25% was effective from 1 January 2008. Before 1 January 2008, the statutory income tax rate was 33%.

Pursuant to the Foreign-Invested Enterprise and Foreign Enterprise Income Tax Law, Winox WFOE is exempted from PRC enterprise income tax for two years starting from its first profit making year, which is the year ended 31 December 2008, followed by a 50% reduction for the next three years. Winox WFOE can continue to enjoy the tax incentives granted to it according to the transitional phase-out rules specified in the Notification on Carrying Out the Transitional Preferential Policies Concerning Corporate Income Tax promulgated by the State Council on 26 December 2007.

However, there is no assurance that the current policies in the PRC with respect to the current preferential tax treatment that we enjoyed will not be abolished or unfavourably amended, or that the approval for such preferential tax treatment will be granted to our subsidiaries in a timely manner, or at all.

Recent PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects

The Rules on the Acquisition of Domestic Enterprises by Foreign Investors (2006 Revision) (關於外國投資者併購境內企業的規定) (the "M&A Rules"), which were

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promulgated in August 2006 and were effective from 8 September 2006 as well as were amended on 22 June 2009, provide the rules with which foreign investors must comply if they are seeking to acquire shares in a non-foreign funded enterprise, whether through a purchase agreement with existing shareholders or through a direct subscription to a company's capital increase, that would result in that company becoming a foreign-funded enterprise. The M&A Rules further require that the business scope of the resultant foreign-funded enterprise conform to the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄). The M&A Rules also provide the takeover procedures for the acquisition of equity interests in domestic enterprises.

The State Council further promulgated the Notice of the General Office of the State Council on the Establishment of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知) on 3 February 2011, which provides that when domestic enterprises to be merged or acquired by foreign investors refer to military industrial enterprises or military industry related supporting enterprises, enterprises located near key and sensitive military facilities, other entities relating to national defense, or key domestic enterprises in areas such as agriculture, energy and resources, infrastructure, transport, technology, assembly manufacturing, etc., whereby the foreign investors might acquire the actual controlling right thereof, security review procedures provided under the above notice shall be applicable.

There are uncertainties as to how the M&A Rules will be interpreted or implemented. If we decide to acquire a PRC company in the future, there is no assurance that we or the owners of such PRC non-foreign funded company can successfully complete all necessary approval requirements under the M&A Rules. This may restrict our ability to implement our expansion and acquisition strategy and could materially and adversely affect our future growth.

PRC regulations on loans to and direct investment by offshore holding companies in PRC entities may delay or prevent us from using the proceeds of the Share Offer to make loans or additional capital contributions to our PRC subsidiaries

As an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the SAFE or its local counterpart. We may also determine to finance our PRC subsidiaries by means of capital contributions. These capital contributions must be approved by the PRC Ministry of Commerce or its local counterpart. We cannot assure you that we can obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to finance our PRC subsidiaries. If we fail to receive relevant registrations or approvals, our ability to use the proceeds of this offering and to capitalise our PRC operations would be negatively affected which would adversely and materially affect our liquidity and our ability to expand our business.

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Changes in government regulations such as environmental laws and regulations could affect our results of operations

Our operations generate pollutants and waste in various stages of the manufacturing process. The discharge, storage and disposal of such pollutants and waste are subject to environmental laws and regulations in the PRC, including laws and regulations requiring clean-up of contamination and reclamation. Historically, environmental legislation in the PRC has, in many cases, been less stringently enforced. However, more stringent standards may be introduced, stricter interpretations of existing laws may occur or enforcement may become more stringent in the PRC. Changes in the regulatory framework may result in an increase in our actual operating costs and liabilities for which we have not provided.

RISKS RELATING TO THE SHARE OFFER

Issuance of Shares pursuant to the Share Option Scheme will result in dilution of Shareholders' interests and reduction in earnings of our Group in future years

Any exercise of the options to be granted under the Share Option Scheme in the future and issuance of Shares thereunder would also result in an increase in the number of Shares in issue after the issuance and thereby cause dilution to the percentage of ownership of the existing Shareholders. There may also be a dilution in the earnings per Share and net assets value per Share as a result of the increase in the number of Shares in issue after the issue of such additional Shares.

Under the HKFRS, the fair value of services received as determined by reference to the fair value of share options granted to employees of our Group is recognised as an employee costs with a corresponding increase in a capital reserve within equity. Any grant of options by us under the Share Option Scheme in the future may be recognised as an employee costs accordingly and may also adversely affect our profitability.

There has been no prior market for the Shares

Prior to the Share Offer, there has been no public market for the Shares. There is no guarantee that a liquid public market for the Shares will be developed or be sustained upon completion of the Share Offer. In addition, the initial Offer Price has been determined by negotiations between the Sole Bookrunner (on behalf of the Underwriters) and us, and may not be indicative of the market price of the Shares that will prevail in the trading market and such market prices may be volatile.

If an active public market for the Shares does not develop after the Share Offer, the market price and liquidity of the Shares may be adversely affected. Investors may not be able to sell their Shares at or above the final Offer Price. The stock market of Hong Kong generally has experienced increasing price and volume fluctuations, some of which have been unrelated or have not corresponded to the operating performances of such companies in recent years. Volatility in the price of the Shares may be caused by factors outside our control and may be unrelated or disproportionate to our Group's operating results.

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Future sales or perceived sales of substantial amounts of the Shares in the public market could have a material adverse effect on the prevailing market price of the Shares

Immediately after completion of the Share Offer and taking no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our Company will have 500,000,000 Shares in issue, of which 125,000,000 Shares will be held by investors participating in the Share Offer, representing 25% of the entire enlarged issued share capital of our Company, and an aggregate of 330,000,000 Shares will be held by the Controlling Shareholders, representing 66% of the entire enlarged issued share capital of our Company. The Offer Shares issued under the Share Offer will be eligible for immediate resale in the public market in Hong Kong upon the Listing. On the other hand, all the Controlling Shareholders have given undertakings not to dispose of their Shares prior to the expiry of a six-month period after the Listing Date.

We cannot guarantee that all the Controlling Shareholders will not dispose of any Shares upon the expiry of such period. In the event that the Controlling Shareholders sell a substantial number of the Shares in the market, or where there is a perception that such sales may occur, there could be a substantial adverse effect on the prevailing market price of the Shares.

In addition, although our Company will be subject to the Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the listing of the Shares on the Stock Exchange, the Shareholders will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules.

Furthermore, the Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law and only provide standards of commercial conduct acceptable for takeover and merger transactions and share repurchases in Hong Kong.

As a result of any or all of the above, the Shareholders may have more difficulty in protecting their interests in the face of actions taken by our Company's management, directors or major shareholders than they would as shareholders of a Hong Kong company or companies incorporated in other jurisdictions.

For further information on the constitution of our Company and Cayman Islands Companies Law, see the summary of the constitution of our Company and the Cayman Islands companies law set out in Appendix V to this prospectus.

Certain facts, forecast and other statistics with respect to the stainless steel industry and stainless steel products industry contained in this prospectus may not be reliable

Certain facts and other statistics in this prospectus relating to the stainless steel industry and stainless steel products industry have been extracted from the Synovate Report and other publicly available sources. Our Directors believe that the sources of such information are appropriate sources for such information and have taken reasonable care

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in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been prepared or independently verified by us, the Sole Sponsor, the Sole Bookrunner, the Underwriters or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and statistics, including the facts and statistics included in the sections headed "Risk factors", "Industry overview" and "Business" in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to official statistics produced for other economies and you should not place undue reliance on them.

Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are "forward-looking" and indicated by the use of forward-looking terminology such as "believe", "intend", "anticipate", "estimate", "plan", "potential", "will", "would", "may", "should", "expect", "seek" or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, although the Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this prospectus should not be regarded as representations by us that the plans and objectives will be achieved, and investors should not place undue reliance on such statements.

We strongly caution you not to place any reliance on any information contained in press articles or media regarding our Group or the Share Offer

There may be press and media coverage regarding our Group or the Share Offer, which may include certain financial information, financial projections and other information about our Group that do not appear in this prospectus. We have not authorised the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we expressly disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase the Shares, you should rely only on the financial, operational and other information included in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the SFO, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to our Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in this prospectus misleading.

The Share Offer is made solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Underwriters, any of their respective directors or affiliates of any of them or any other persons or parties involved in the Share Offer. You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision.

UNDERWRITING

This prospectus is published in connection with the Public Offer, which forms part of the Share Offer, which is sponsored by the Sole Sponsor and managed by the Sole Lead Manager. The Public Offer is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement, including the Sole Bookrunner (on behalf of the Underwriters) and us agreeing to the Offer Price. Information relating to the underwriting arrangements is set out in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by the Sole Bookrunner (on behalf of the Underwriters) and us on or around Thursday, 14 July 2011, or such later date as may be agreed between the Sole Bookrunner (on behalf of the Underwriters) and us but in any event not later than 11:59 p.m. (Hong Kong time) on Thursday, 14 July 2011.

If the Sole Bookrunner (on behalf of the Underwriters) and us are unable to reach an agreement on the Offer Price on or before the Price Determination Date, the Share Offer will not become unconditional and will lapse.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The application procedures for the Public Offer Shares are set out in the section headed "How to apply for the Public Offer Shares" in this prospectus and on the relevant Application Forms.

SELLING RESTRICTIONS

Each person acquiring the Public Offer Shares under the Public Offer will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

This prospectus is issued by us solely in connection with the Share Offer in Hong Kong and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Public Offer Shares offered in the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in certain jurisdictions are subject to restrictions and may not be made pursuant to the registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

United States

The Offer Shares have not been and will not be registered under the US Securities Act, and may not be offered or sold within the United States except pursuant to registration or an exemption from the registration requirements of the US Securities Act, or outside the United States in accordance with Regulation S. No public offering of the Offer Shares will be made in the United States. In addition, until 40 days after the commencement of the Share Offer, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Share Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such requirements.

United Kingdom

This prospectus does not constitute a prospectus for the purpose of the prospectus rules issued by the United Kingdom Financial Services Authority (“FSA”) pursuant to section 84 of the Financial Services and Markets Act 2000 (as amended) (“FSMA”) and has not been approved by or filed with the FSA. The Offer Shares may not be offered and will not be offered to the public in the United Kingdom (within the meaning of section 102B of the FSMA) save in circumstances where (a) it is lawful to do so without an approved prospectus (within the meaning of section 85 of FSMA) being made available to the public before the offer is made; and (b) the prohibition on financial promotions under section 21 of FSMA does not apply. This prospectus is directed only at (i) persons outside the United Kingdom; or (ii) persons who are “**qualified investors**” (within the meaning of Article 2(1)(e) of the Prospectus Directive 2003/71/EC) (a) who have professional experience in matters relating to investments who fall within the definition of “**investment professionals**” in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) order 2005 (as amended) (the “FPO”); and/or (b) who are high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49 of the FPO or (c) to whom it may lawfully be distributed in its current form (persons fulfilling the criteria described in (i) and (ii) being referred to herein as “**Relevant Person**”). Any investment or investment activity to which this prospectus relates is only available to and will only be engaged in with Relevant Persons and any person who is not a Relevant Person should not rely on or act upon this prospectus and should return it immediately to the Company. Postage and other reasonable delivery costs will be refunded.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Singapore

This prospectus has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Offer Shares may not be issued, circulated or distributed in Singapore nor may any of the Offer Shares be offered for subscription or purchase or sold, directly or indirectly, nor may an invitation or offer to subscribe for or purchase any Offer Shares be made, directly or indirectly, to persons in Singapore other than (a) institutional investors under Section 274 of the SFA; (b) relevant persons pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where any Offer Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

PRC

This prospectus may not be circulated or distributed in the PRC and the Offer Shares may not be offered or sold, directly or indirectly, or offered or sold to any person for re-offering or re-sale, directly or indirectly, to any resident of the PRC in the territory of the PRC except pursuant to applicable laws and regulations of the PRC.

The Cayman Islands

The Offer Shares may not be offered or sold to the public in the Cayman Islands.

Each person acquiring the Offer Shares will be required to confirm, or be deemed by his or her or its acquisition of the Offer Shares to have confirmed that he or she or it is aware of the restrictions on offering of the Offer Shares described in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue, Shares to be issued pursuant to the Share Offer, any Shares to be issued upon the exercise of the Over-allotment Option and any Shares, up to 10% of the Shares to be in issue as at the Listing Date, to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, on the Main Board.

Save as disclosed herein, no part of the Shares or loan capital of our Company is listed or dealt in on the Main Board or on any other stock exchange and at present, no such listing or permission to deal is being or is proposed to be sought on the Main Board or any other stock exchange in the near future.

HONG KONG BRANCH SHARE REGISTER AND STAMP DUTY

All Shares to be issued pursuant to the Share Offer will be registered on our Company's register of members in Hong Kong to be maintained by Tricor Investor Services Limited. The principal register of members will be maintained in the Cayman Islands. Only Shares registered on the register of members of our Company in Hong Kong may be traded on the Stock Exchange.

Dealings in Shares registered on the register of members in Hong Kong will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the market value of the Shares being sold or transferred.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares, you should consult an expert.

We, the Directors, the Sole Sponsor, the Sole Bookrunner, the Underwriters, any of their respective directors, agents or advisers or any other persons or parties involved in the Share Offer do not accept responsibility for any tax effects on or liabilities resulting from the subscription for, purchase, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading days. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

OVER-ALLOTMENT AND STABILISATION

Details of the arrangements relating to stabilisation and Over-allotment Option are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in United States dollars and RMB have been translated, for illustration purposes only, into Hong Kong dollars in this prospectus at the following rates:

US\$1 : HK\$7.8

RMB0.85 : HK\$1

No representation is made that any amounts in US\$, RMB or HK\$ can be or could have been at the relevant dates converted at the above rates or any other rates, or at all.

LANGUAGE

The English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus are subject to rounding adjustments. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board are expected to commence at 9:00 a.m. on Wednesday, 20 July 2011. Shares will be traded in board lots of 2,000 each.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Yiu Hon Ming (姚漢明)	House No. 19, Palm Drive The Redhill Peninsula 18 Pak Pat Shan Road Tai Tam, Hong Kong	Chinese
Ms. Law Wai Ping (羅惠萍)	House No. 19, Palm Drive The Redhill Peninsula 18 Pak Pat Shan Road Tai Tam, Hong Kong	Chinese
Mr. Chau Kam Wing Donald (周錦榮)	Flat C, 11th Floor Block 5, Park Island No. 8 Park Lai Road Ma Wan, New Territories Hong Kong	Chinese
Ms. Zhou Hui Elizabeth (周涸)	Flat D, 15th Floor The Sail at Victoria 86 Victoria Road Pokfulam, Hong Kong	Singaporean
<i>Non-executive Director</i>		
Mr. Au Wai Ming (歐偉明)	Flat A, 14th Floor, Block 5 Braemar Hill Mansion 23 Braemar Hill Road North Point, Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Ma Weihua (馬蔚華)	Unit 31A, Tower 16 East Pacific Garden Phase 2 Futian District Shenzhen PRC	Chinese
Mr. Carson Wen (溫嘉旋)	House No. 5 Latour Avenue The Vineyard Yuen Long, San Tin New Territories, Hong Kong	Chinese
Professor Wong Lung Tak Patrick (黃龍德)	Flat A, 6th Floor, Cumine Court 52 King's Road, North Point Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	Haitong International Capital Limited 25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong
Sole Bookrunner and Sole Lead Manager	Haitong International Securities Company Limited 25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong
Public Offer Underwriters	Haitong International Securities Company Limited 25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong Oriental Patron Securities Limited 27th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong Cinda International Securities Limited 45th Floor, COSCO Tower 183 Queen's Road Central Hong Kong First Shanghai Securities Limited 19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong Investec Capital Asia Limited Room 3609, 36th Floor Two International Finance Centre 8 Finance Street Central Hong Kong Piper Jaffray Asia Securities Limited Suite 1308, 13th Floor Two Pacific Place 88 Queensway Admiralty Hong Kong
Legal advisers to our Company	<i>As to Hong Kong law:</i> Reed Smith Richards Butler 20th Floor, Alexandra House 18 Chater Road Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

	<p><i>As to PRC law:</i> King & Wood 54th Floor, CITIC Plaza 233 Tianhe Road North Guangzhou Guangdong 510613 PRC</p>
	<p><i>As to Cayman Islands law:</i> Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands</p>
Legal advisers to the Sole Sponsor and the Underwriters	<p><i>As to Hong Kong law:</i> Chiu & Partners 40th Floor, Jardine House 1 Connaught Place Central Hong Kong</p>
	<p><i>As to PRC law:</i> Zhong Lun Law Firm 11th Floor, Bank of China Tower No. 200 Yincheng Road Central Pudong New Area Shanghai 200120 PRC</p>
Reporting accountants	<p>Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35th Floor, One Pacific Place 88 Queensway Hong Kong</p>
Property surveyor	<p>DTZ Debenham Tie Leung Limited 16th Floor Jardine House 1 Connaught Place Central Hong Kong</p>
Receiving banker	<p>The Hongkong and Shanghai Banking Corporation Limited</p>

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	18th Floor Guangdong Investment Tower 148 Connaught Road Central Hong Kong
Authorised representatives	Mr. YIU Hon Ming House No. 19 Palm Drive The Redhill Peninsula 18 Pak Pat Shan Road Tai Tam Hong Kong Ms. CHAN Miu Ting Unit 8, 42nd Floor, Block A The Galaxia Diamond Hill Kowloon Hong Kong
Company secretary	Ms. CHAN Miu Ting <i>JD (Melb), ACIS, ACS</i>
Audit committee	Professor WONG Lung Tak, Patrick (<i>Chairman</i>) Mr. MA Weihua Mr. Carson WEN
Remuneration committee	Mr. YIU Hon Ming (<i>Chairman</i>) Mr. MA Weihua Mr. Carson WEN Professor WONG Lung Tak, Patrick
Nomination committee	Mr. YIU Hon Ming (<i>Chairman</i>) Mr. MA Weihua Mr. Carson WEN Professor WONG Lung Tai, Patrick

CORPORATE INFORMATION

Compliance adviser	Haitong International Capital Limited 25th Floor, New World Tower 16-18 Queen's Road Central Hong Kong
Website address	www.winox.com <i>(The content of the website does not form part of this prospectus.)</i>
Principal share registrar and transfer office in the Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 29 Queen's Road Central Central Hong Kong China Construction Bank, Dalang Sub-Branch (建設銀行大朗支行) No. 145 Zhenmeijin Road Dalang Town Dongguan Guangdong Province PRC (東莞市大朗鎮鎮美景一路145號)

INDUSTRY OVERVIEW

The information and statistics set out in this section have been extracted from the research report compiled by Synovate Ltd. and other publicly available sources. Our Directors believe that the sources of statistical and graphical information contained in this section are appropriate sources for such information. Reasonable care has been exercised by our Directors and Synovate Ltd. in the exercise of extracting and repeating such information. Our Directors have no reason to believe that such facts, statistics and data presented in this section are false or misleading or that any fact has been omitted that would render such facts, statistics and data false or misleading. No independent verification has been carried out on such information and statistics by us, the Sole Sponsor, the Sole Bookrunner, the Underwriters, their respective affiliates, directors and advisers or any other parties involved in the Share Offer, and none of them makes any representation as to the accuracy or completeness of such information.

INTRODUCTION

We are principally engaged in the development and manufacture of stainless steel products on OEM basis. We manufacture stainless steel watch bracelets, costume jewellery and accessories for intermediary agents of brand owners of internationally renowned brands mainly from Europe, brand owners of such brands who are our direct customers and stainless steel mobile phone cases for mobile phone manufacturer.

The manufacture and sale of stainless steel watch bracelets had been our business focus during the Track Record Period. Based on the figures available from the Synovate Report, we have a market share of the global stainless steel watch bracelet market for brands of watches having average retail price of HK\$10,000 or above of about 9.6% in 2010, with reference to the estimated global output value of stainless steel watch bracelets of these brands as compared with our sales of stainless steel watch bracelets for the relevant brands of luxury watches during the year 2010. According to the Synovate Report, the number of stainless steel watch bracelets produced and sold by us to customers for brands based in Switzerland in 2010 represents about 5.7% of the total number of Swiss made stainless steel watches exported in that year.

Our Directors believe that the application of stainless steel in luxury products and mobile phone cases is driven by various factors, including (i) the global economy; (ii) the common applications and global supply of stainless steel; (iii) the growth and application of stainless steel in the global luxury products market; and (iv) the growth and application of stainless steel in the global mobile phone cases market.

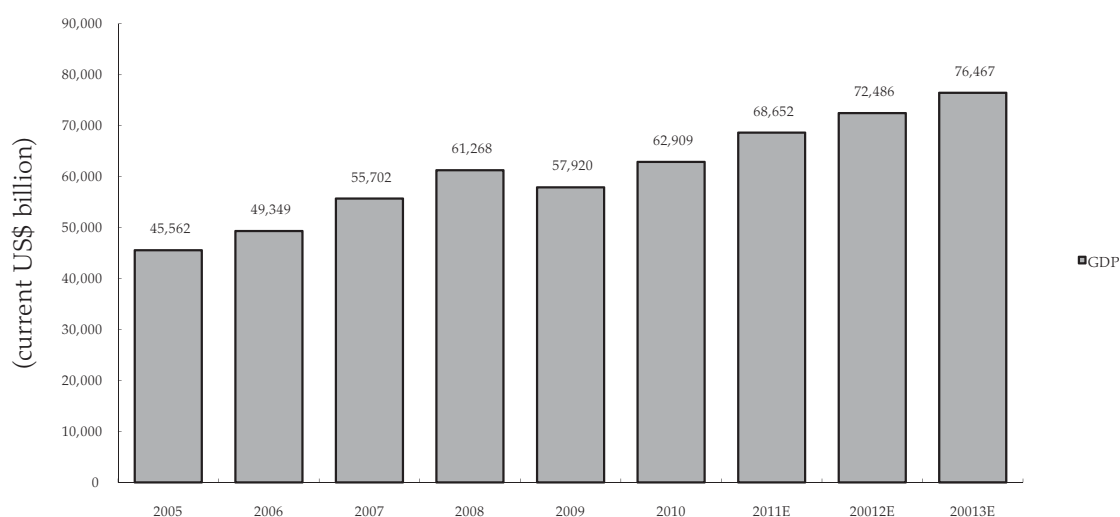
OVERVIEW OF THE GLOBAL ECONOMY

Following the economic crises in 2008, the world economy had entered into a phase of deep recession. According to the International Monetary Fund (the "IMF"), World Economic Outlook: Tensions from the Two-Speed Recovery Unemployment, Commodities, and Capital Flows, April 2011, world real gross domestic product ("GDP") had decreased from a 2.9% growth rate in 2008 to a negative world real GDP growth rate of 0.5% in 2009. However, economic growth had moved into a bounce-back phase of recovery in 2010. According to the IMF, world real GDP expanded by 5.0% in 2010 and is expected to expand by 4.4% in 2011, after experiencing a substantial decline in 2009.

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The global economy had been growing steadily up till the beginning of the economic crises in 2008, while suffering from a drop in 2009 due to global recession. According to the IMF, world nominal GDP increased from about US\$45,562 billion in 2005 to about US\$62,909 billion in 2010, representing a CAGR for the period of about 6.7%, which reflects a steady growth. The world nominal GDP is projected to grow at a CAGR of about 5.5% from 2011 to 2013. The chart below sets out the historical and projected nominal GDP of the world for the periods indicated.

Nominal GDP (World), 2005-2013E

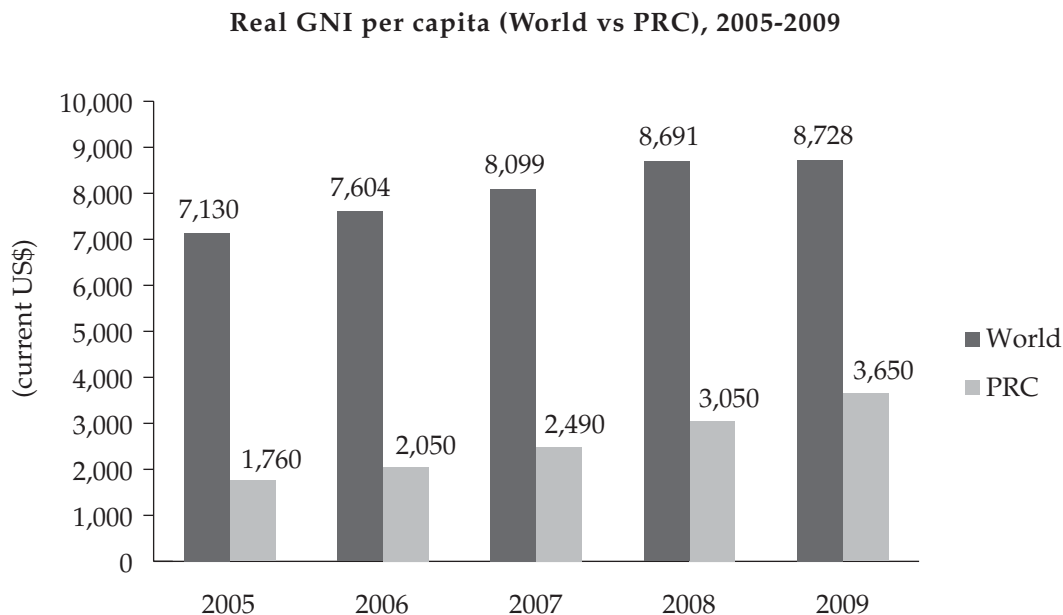


Source: IMF, World Economic Outlook Database, April 2011

Global income levels per capita had been growing steadily from 2005 up and until the global recession in 2009. According to The World Bank, world real gross national income (“GNI”) per capita increased from about US\$7,130 in 2005 to about US\$8,728 in 2009, and the CAGR of the period is about 5.19%, which reflects a steady growth. In comparison, the real GNI per capita in the PRC increased from about US\$1760 in 2005 to about US\$3650 in 2009, and the CAGR of the period is about 20%, which reflects a strong

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growth. The chart below sets out the historical real GNI per capita of the world and the PRC for the periods indicated.



Source: The World Bank, World Development Indicator

The growth of world nominal GDP and GNI per capita since 2005 reflects the increase in global consumer purchasing power, which supports growth in the global demand for stainless steel commodities such as watches, costume jewellery and accessories and mobile phones, and in turn drives global demand for the use of stainless steel as components for such products.

APPLICATIONS AND GLOBAL OUTPUT OF STAINLESS STEEL

Applications of stainless steel

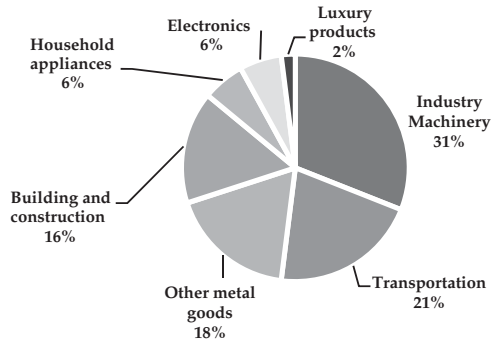
Stainless steel is a kind of steel alloy. The chromium and nickel content of stainless steel enables it to better resist corrosion and sets it apart from other forms of metal and steel.

The practical qualities of stainless steel, such as corrosion and tarnish resistant, metallic sheen, ease of cleaning, mechanical strength and anti-allergic properties make it an ideal material for different applications. According to the Synovate Report, stainless steel is commonly used in several major areas, including industrial machinery, transportation, building and construction, household appliances, electronics, luxury products and other metal goods. In particular, the Grade 316L stainless steel is commonly used in luxury products such as watches and costume jewellery including earrings, rings, pendants, necklace, bracelets, cufflinks and accessories such as belt buckles. According to the Synovate Report, luxury products, including watches, costume jewellery and belt buckles, take up about 2% of the global output value and volume of stainless steel

INDUSTRY OVERVIEW

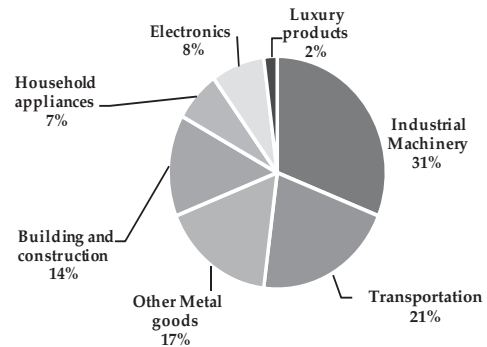
for 2009 and 2010. The charts below set out the global market segmentation for stainless steel usage by application types for 2009 and 2010 respectively.

**Global market segmentation
for stainless steel usage
by application types for 2009**



Source: Synovate Report

**Global market segmentation
for stainless steel usage
by application types for 2010**



Source: Synovate Report

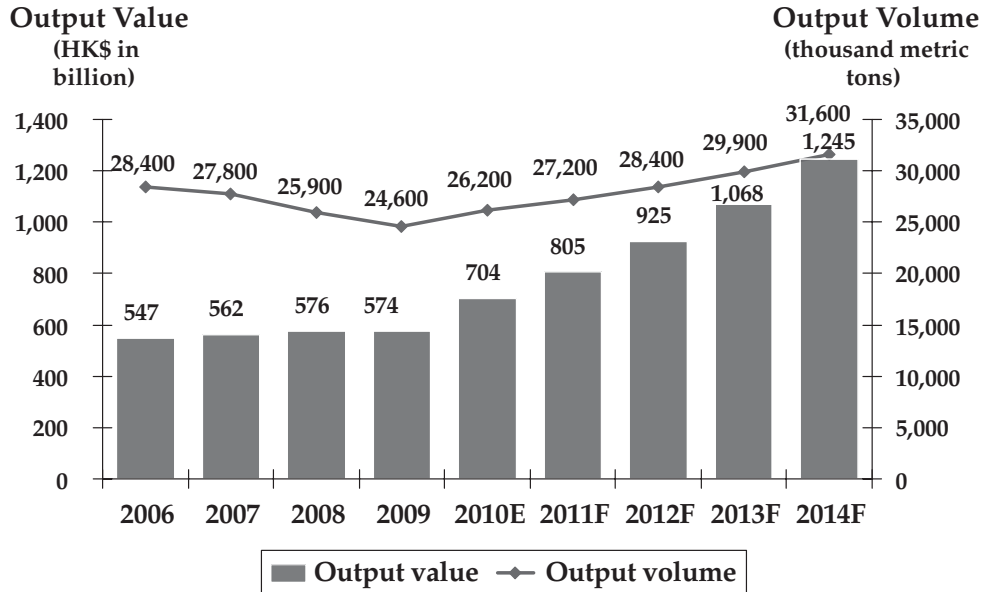
Global output of stainless steel

According to the Synovate Report, the global output value and volume of stainless steel is affected by the global economy. Global output volume of stainless steel shrank from about 28,400 thousand metric tons in 2006 to about 24,600 thousand metric tons in 2009 due to the global economic crisis, but is estimated to pick up from 2010 onwards due to recovery of the global economy, increasing from an estimated output volume of about 26,200 thousand metric tons in 2010 to about 31,600 thousand metric tons in 2014, representing a CAGR of about 1.3% from 2006 to 2014. On the other hand, the global output value of stainless steel sustained growth throughout 2006 to 2009 regardless of the decline in output volume during this period and is projected to maintain its growth momentum from 2010 to 2014, from about HK\$547 billion in 2006 to about HK\$1,245 billion in 2014, representing a CAGR of about 10.8%. This reflects the continual increase in price of major component materials of stainless steel, such as nickel, due to heavy demand

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over the years, which supports stainless steel price. The graph sets out below demonstrates the global output value and volume of stainless steel from 2006 to 2014.

Global output value and volume of stainless steel from 2006 to 2014



Source: Synovate Report

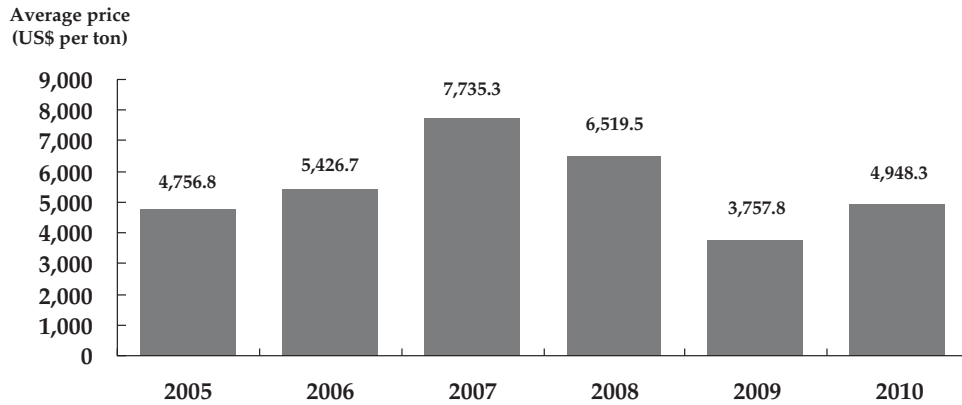
Price trend of stainless steel

According to the Synovate Report, the global stainless steel price for Grade 316 stainless steel (which is the principal type of stainless steel used by us for our production purposes) had been fluctuated in the past six years. The average price per ton increased from about US\$4,757 in 2005 to its peak of about US\$7,735 in 2007, which was driven by the increasing application of stainless steel in electronics, building and construction, and industrial and machinery sectors, and then dropped to its trough of about US\$3,758 in 2009 due to the downturn of consumption market arising from the financial crisis started in 2008. As the global economy started to recover, the demand for stainless steel rebounded in 2010, the average price per ton of Grade 316 stainless steel increased to about US\$4,948 in 2010, representing an increase of about 31.7% from that of 2009.

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The graph below sets out the average price of Grade 316 stainless steel during the year from 2005 to 2010.

Average global price of Grade 316 stainless steel



Source: Synovate Report

OVERVIEW OF STAINLESS STEEL APPLICATION IN THE WORLD

According to the Synovate Report, stainless steel is commonly used in a number of major applications as set out in the table below:

Common applications of stainless steel in the world

Description of usage and application

Building and construction	The use of stainless steel in construction is increasing rapidly due to the material's properties, including aesthetics, durability, corrosion resistance, ease of maintenance and fire resistance. If appropriate grades and finishes are selected, there should be no need to replace stainless steel, even if a building's life spans hundreds of years.
Transportation	Stainless steel is widely used in car exhaust systems and for auto parts such as hose clamps and seatbelt springs. It is also a standard option for rail transport and bus bodies for its easy maintenance properties and corrosion-resistance.

INDUSTRY OVERVIEW

Common applications of stainless steel in the world

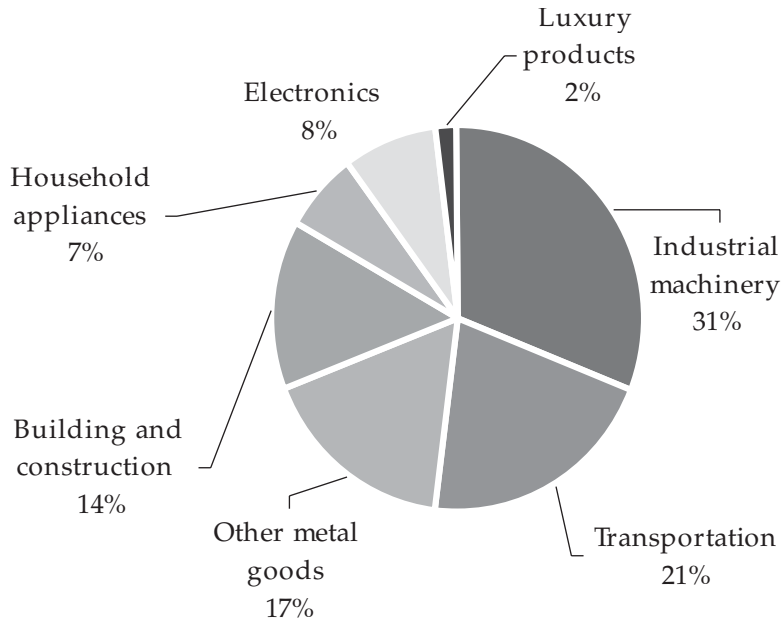
Description of usage and application

Industrial machinery	For its qualities of being corrosion resistant and suitable for long-term usage, stainless steel is used in over 800 application of industry machinery with air duct unit, autoclaves, meat processing machinery, pressure chamber, sugar industry machinery and wine tanks being examples of a few. Stainless steel machinery can be steam-cleaned and sterilised and does not need paint or other surface finishes.
Household appliances	Stainless steel is widely used in cookware, cutlery, and kitchen utensils. It does not absorb pollutants, chemical, pesticides or other contaminants which makes the metal ideal for any kind of appliances for human consumption use.
Electronics	Stainless steel is used in electric machinery and equipment such as hard disc cover, mobile telephone cases, rotor can for circulation pumps, water heater, stove components, washing machine etc.
Luxury products	Stainless steel is commonly used in costume jewellery and accessories including watches, earrings, rings, pendants, necklace, bracelets, cufflinks, belt buckles etc.
Other metal goods	Other metal goods such as fasteners, kitchen articles and medical instruments also make use of stainless steel to fulfill their usage requirement.

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The graph below illustrates the global market segmentation for stainless steel usage by application types in 2010:

Global market segmentation for stainless steel usage by application types in 2010



Source: Synovate Report

GROWTH AND APPLICATION OF STAINLESS STEEL IN THE GLOBAL LUXURY PRODUCTS MARKET

Overview of the application of stainless steel in the global luxury products market

Stainless steel is commonly used as a base material for watches, costume jewellery including earrings, rings, pendants, necklace, bracelets and cufflinks and accessories such as belt buckles. Several key factors affecting the use of stainless steel in such luxury products are identified in the Synovate Report, including (1) the possibility of forging high quality stainless steel with expensive metals, such as gold, silver and platinum, to provide high oxidation resistance for the component parts of such luxury products and to achieve designs that closely follow fashion trends at reasonable costs; (2) the quality of stainless steel as a lighter material in weight compared with other metals which affords flexibility in the design and style of the component parts for such luxury products; (3) the market trend and lifecycle of luxury products which are affected by fashion trend; and (4) the price of stainless steel materials.

According to the Synovate Report, environment protection also makes stainless steel an economical and environmental option for manufacturing and application. The composition of stainless steel by valuable raw materials such as chromium, nickel and molybdenum made the material highly recyclable at an estimated end of life recycling ratio of about 80-90% high. Stainless steel recycling is a self-sustaining process and the material is widely recycled and reprocessed repeatedly for its own production without any degradation that makes it a perfectly environmental option for manufacturing use.

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Under the current rules and regulations of the European Union (“EU”), the use of stainless steel in consumer products including luxury products and electronic devices must comply to the EU REACH and RoHS derivative. The REACH addresses the use of any chemical substances and their potential impacts on the human health and environment and applies to all chemicals imported or produced in the EU. The RoHS ensures that any electronic devices put on the market do not contain any of the six banned substances specified in RoHS in quantities exceeding maximum concentration values.

According to the Synovate Report, amongst all types of luxury products, stainless steel is most commonly applied in jewellery products including watches, earrings, rings, pendants, necklace, bracelets and cufflinks. While stainless steel has similar appearance as silver, it is harder than silver and does not corrode or tarnish. Therefore, it is being increasingly used in watch bracelets, costume jewellery and accessories. Also, although it is used for all kinds of costume jewellery, it is especially useful for earrings and belly bars for hygiene reasons as it is easy to clean without the use of chemical solutions and it does not give rise to any adverse skin reactions and allergies. Stainless steel can be manufactured to a high level of precision which increase its usability across multiple range of jewellery products. Driven by more working women, self-purchase by women, seasonal trends and new products, increase in demand for both men and women are witnessed over the past century, and frequent request for something new, unique and self-defining has given room to constant revolution in product design that drives the use of stainless steel in many jewellery pieces.

Analysis of the global market for selected application of stainless steel components in luxury products

According to the Synovate Report, the global market revenue of the use of stainless steel components for watches (with reference to brands of watches having an average retail price of HK\$10,000 or above), costume jewellery and belt buckles from 2006 to 2009 grew significantly from about HK\$8,953 million in 2006 to about HK\$10,747 million in 2009, representing a CAGR of about 6.3%. This was mainly due to the increasing use of stainless steel in replacement of other metals such as copper and silver in these luxury products to take advantage of the tarnish resistant, lower cost and anti-allergic properties of stainless steel. It is estimated that the global output revenue for stainless steel usage in such luxury products will increase significantly from about HK\$10,882 million in 2010 to about HK\$12,607 million in 2013, representing a CAGR of about 5.0%.

Among the three types of stainless steel application in luxury products quoted in the Synovate Report, namely watch bracelets, costume jewellery and belt buckles, the use of stainless steel in belt buckles recorded the most significant growth from 2006 to 2009, with the global market revenue of the use of stainless steel components for such products increased from about HK\$260 million in 2006 to about HK\$348 million in 2009, representing a CAGR of about 10.2%. According to the Synovate Report, such trend was attributable to the growing fashion trend for male with belt buckles being regarded as one of the important accessories for mix and match purpose.

The global market revenue of the use of stainless steel components for watch bracelets and costume jewellery increased from about HK\$6,857 million and HK\$1,866 million in 2006 to about HK\$8,170 million and HK\$2,229 million in 2009, respectively, representing CAGR of about 6.0% and 6.1%, respectively.

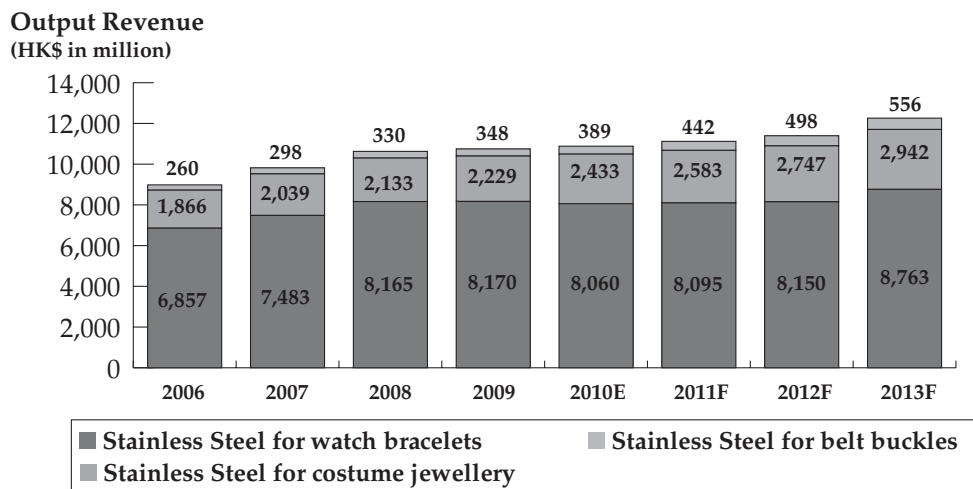
For the period from 2010 to 2013, it is projected that global market revenue of the use of stainless steel in belt buckles will show faster growth compared with the corresponding growth rate for watch bracelets and costume jewellery. According to the Synovate Report, it is expected that the global market revenue of the use of stainless steel

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components in watch bracelets, costume jewellery and belt buckles will increase from about HK\$8,060 million, HK\$2,433 million and HK\$389 million in 2010 to about HK\$8,763 million, HK\$2,942 million and HK\$556 million in 2013, respectively, representing CAGR of about 2.8%, 6.5% and 12.6%, respectively.

The graph below illustrates the global market revenue of the use of stainless steel components for watch bracelets, costume jewellery and belt buckles from 2006 to 2013.

**Global market revenue of the use of stainless steel components
for watch bracelets, costume jewellery and belt buckles from 2006 to 2013**



Source: Synovate Report

According to the Synovate Report, the global output revenue of the use of stainless steel components for watch bracelets and luxury watch bracelets were about HK\$8,170 million and HK\$3,317 million in 2009, respectively; and were about HK\$8,060 million and HK\$3,208 million in 2010, respectively. Accordingly, in terms of global output revenue, the global market for usage of stainless steel components in luxury watch bracelets represent about 40.60% and 39.80% of the global usage of stainless steel components in watch bracelets for 2009 and 2010, respectively.

The table below illustrates the global output revenue of the use of stainless steel components for watch bracelets and luxury watch bracelets in 2009 and 2010 respectively:

Usage of stainless steel components in	2009		2010	
	Global output revenue	Percentage of total	Global output revenue	Percentage of total
	(HK\$ in million)		(HK\$ in million)	
Watch bracelets	8,170	100%	8,060	100%
Luxury watch bracelets . .	3,317	40.60%	3,208	39.80%
Others	4,853	59.40%	4,852	60.20%

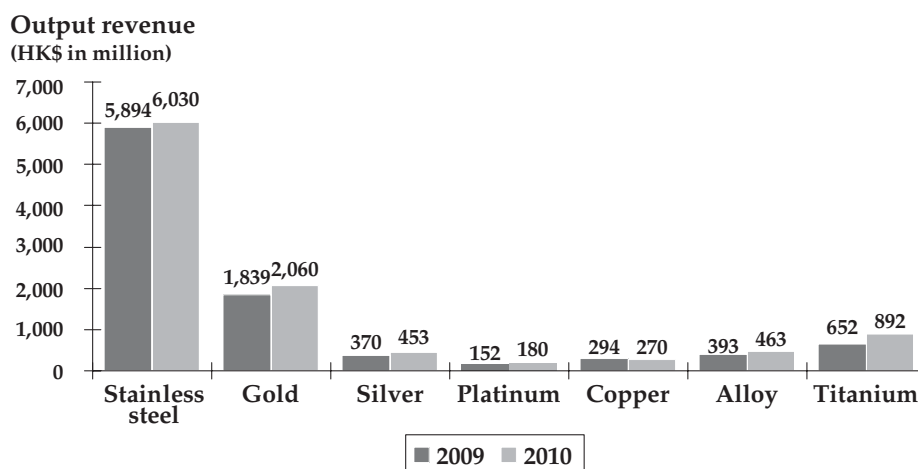
Source: Synovate Report

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Comparison of the use of stainless steel with other common metals for selected application in luxury products

According to the Synovate Report, stainless steel is the most common type of metal used in watch bracelets, costume jewellery and belt buckles in 2010, with an estimated global output revenue of about HK\$6,030 million, followed by the corresponding figure of about HK\$2,060 million for gold, about HK\$892 million for titanium, about HK\$463 million for alloy, about HK\$453 million for silver, about HK\$270 million for copper and about HK\$180 million for platinum. The graph below sets out the global output revenue of the use of stainless steel and other common metals in watch bracelets, costume jewellery and accessories in 2010.

Global output revenue of the use of stainless steel and other common metals in watch bracelets, costume jewellery and accessories in 2010



Source: Synovate Report

Key market drivers for application of stainless steel components in luxury products

According to the Synovate Report, fashion trend will be a key factor in driving future demand of stainless steel components for watches, costume jewellery and belt buckles. The corrosion and tarnish resistance and aesthetic qualities of stainless steel material ensures that stainless steel will continue to be a key base material for luxury wear products.

Future development of stainless steel application in luxury products will focus on hardening and brightening the material for even wider application and for better aesthetic results, such as improving the constructional design of the material to further enhance its ability and durability in terms of water and vibration resistance, and improving the cosmetic design by means of adopting different colour usage, refining the polishing techniques and enhancing the fitness in shape, in order to keep up with changing fashion trend.

Going forward, the Synovate Report states that manufacturers will aim to achieve greater automation in production processes to reduce labour costs as well as achieve mass production at lower costs. In the long run, it is expected that the relatively lower cost of production and improvement in supply infrastructure in China in recent years will prompt European based luxury products manufacturers to further relocate their manufacturing base to China to capitalise on the local skilful workforce and lower labour costs, so as to improve profit margin while maintaining their product quality.

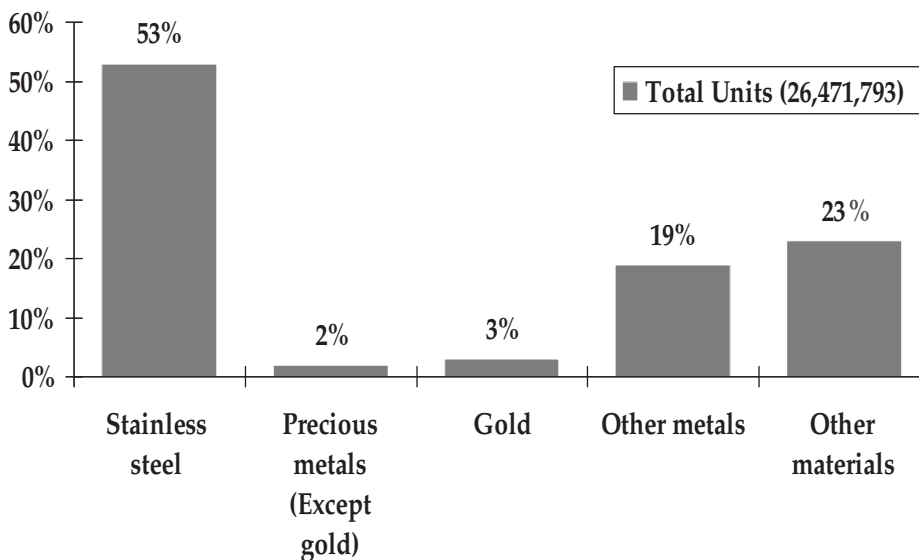
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Use of stainless steel in Switzerland and world watch making industry

Switzerland was the leading exporter of watch industry products in the world, with the market value of related exports amounting to about US\$12.3 billion in 2009, compared with the corresponding figure of about US\$5.6 billion for Hong Kong, the second largest exporter, and about US\$2.5 billion for China, the third largest exporter, in 2009.

In 2009, about 26.5 million units of Swiss made watches had been exported to different parts of the world. Out of these, about 14 million units of Swiss made watches were made of stainless steel, which accounted for about 53% of the total volume of exports of Swiss made watches. The chart sets out below demonstrates the segmentation of Swiss made watches exported in 2009 by material type.

Segmentation of Swiss made watches exported in 2009 by material type



Source: Synovate Report

According to the Synovate Report, the number of stainless steel watch bracelets produced and sold by us to customers for brands based in Switzerland in 2008, 2009 and 2010 accounted for about 5.0%, 4.0% and 5.7% of the total number of Swiss made stainless steel watches exported in 2008, 2009 and 2010, respectively.

APPLICATION OF STAINLESS STEEL IN MOBILE PHONE CASES

Overview of stainless steel usage in mobile phone cases

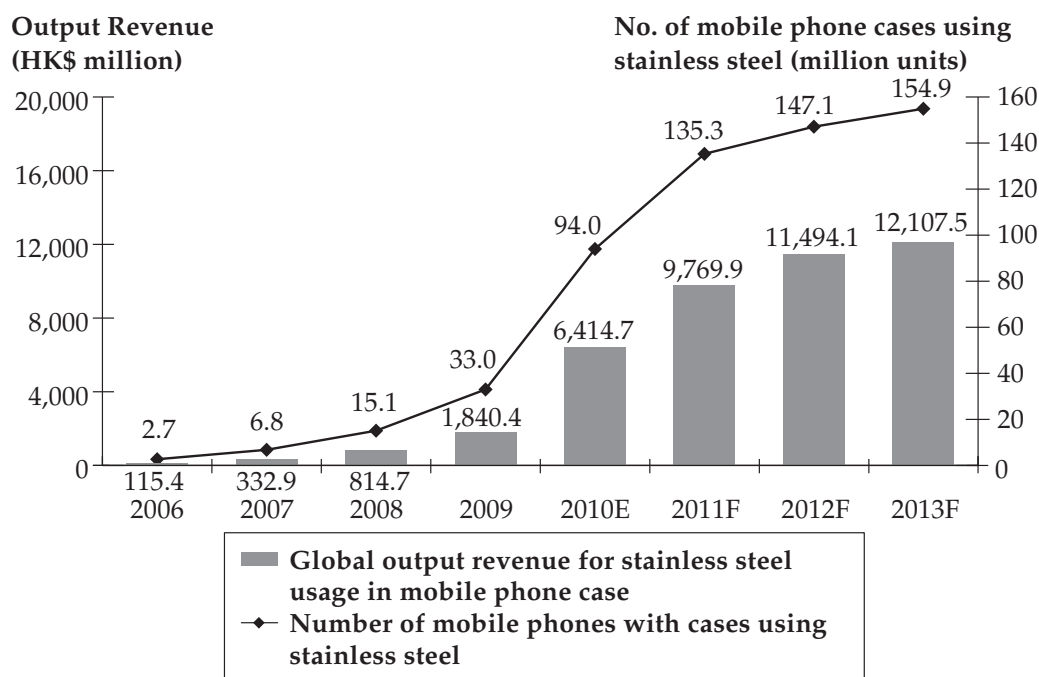
According to the Synovate Report, stainless steel has been used in mobile phone cases in the recent four to five years in replacement of aluminium and magnesium because stainless steel can support the thinner and slimmer design of mobile phones, is more environmentally friendly in production, offers higher resistance to scratching and provides shiny appearance. On the other hand, the growing popularity in smartphones in the market has been driving the demand for use of stainless steel in mobile phone cases as the higher sales value of smartphones supports the use of higher quality material such as stainless steel.

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Analysis of the global market for use of stainless steel in mobile phone cases

Based on figures from the Synovate Report, the global output revenue for stainless steel mobile phone cases increased from about HK\$115.4 million in 2006 to about HK\$1,840.4 million in 2009, recording a CAGR of about 151.7%. Such growth was attributable to the dramatic increase in the number of mobile phones using stainless steel for their cases during the years covered. Given the increasing demand for smartphones and mid- to high-end mobile phones in the recent years, the relatively higher sales value of smartphones in the market allowing room for mobile phone manufacturers to consider using stainless steel (in lieu of aluminum and magnesium which are less expensive) as the production material for cases, and increasing competitions among smartphone manufacturers are driving the application of stainless steel for mobile phone cases for more durable and attractive appearance and higher quality. It is estimated that the global output revenue for stainless steel mobile phone cases will continue to increase significantly, at a CAGR of about 23.6% from 2010 to 2013. The graph below sets out the global output revenue of the use of stainless steel for mobile phone cases from 2006 to 2013.

**Global output revenue of the use of stainless steel
for mobile phone cases from 2006 to 2013**



Source: Synovate Report

Comparison of the use of stainless steel with other common metals for mobile phone cases

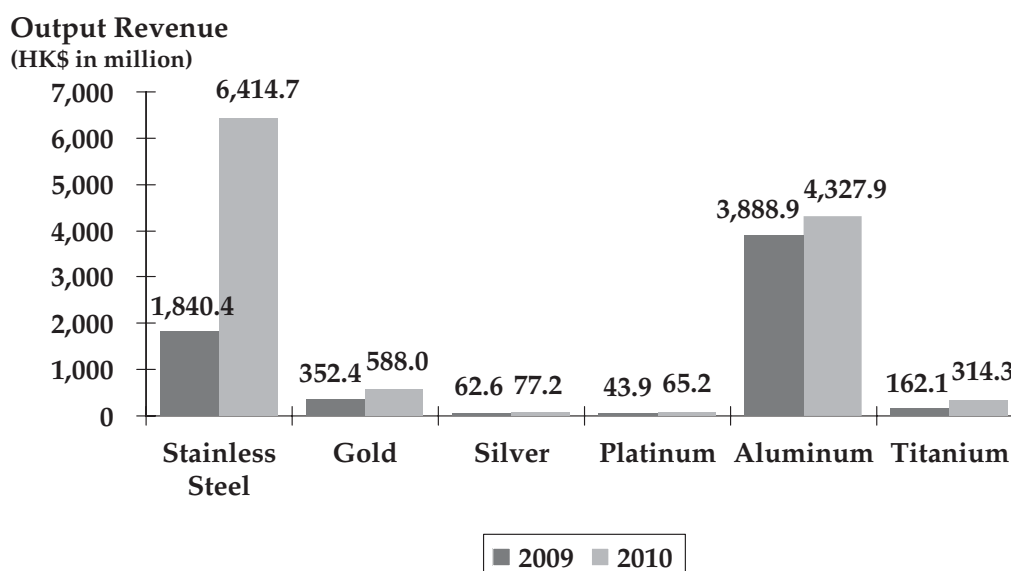
According to the Synovate Report, stainless steel has been replacing aluminium and titanium for mobile phone cases. Before the common usage of stainless steel in mobile phone cases, aluminium or titanium coated with chromium was used for mobile phone cases to give shiny appearance and to prevent oxidation. Pricing of material is a key concern for mobile phone manufacturers, and accordingly, the significant increase in costs for materials such as titanium and for precious metals such as gold and platinum in 2009 and 2010 has caused manufacturers to adopt stainless steel and aluminium as their prices and supply tend to be more stable. In 2010, prominent models of smartphones on the

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market adopted stainless steel for their mobile phone cases, which explained the significant increase in the global output revenue of the use of stainless steel for mobile phone cases from about HK\$1,840.4 million in 2009 to about HK\$6,414.7 million in 2010, representing year-on-year growth of about 248.6%. In comparison, the corresponding figure for that of aluminium increased from about HK\$3,888.9 million in 2009 to about HK\$4,327.9 million in 2010, representing a year-on-year growth of about only about 11.3%. It is noted in the Synovate Report that other metals such as gold, silver and platinum are not commonly used for mobile phone cases, although gold is used for some limited edition models or as coating to the base material for enhancing the sales value of the mobile phone as a premium model.

The chart below illustrates the global output revenue of the use of stainless steel and other common metals for mobile phone cases from 2009 to 2010.

Global output revenue of the use of stainless steel and other common metals for mobile phone cases from 2009 to 2010



Source: Synovate Report

Key market drivers for stainless steel usage for mobile phone cases

According to the Synovate Report, the expected growth in demand for smartphones for the next three years will continue to drive demand for stainless steel usage in mobile phone cases. With the design of smartphones gearing towards slimmer size and lighter weight, manufacturers of stainless steel mobile phone cases will be required to accommodate to such market trends. On the other hand, it appears to be the design trend that precious metals such as silver, gold or platinum will be utilised in stainless steel mobile phone cases to enhance the quality, durability, recyclability and sales value of the end product. It is expected that the use of aluminium and magnesium coated with chromium for mobile phone cases will fade out because of their inferior oxidation resistance qualities and concern that such material could be harmful to human.

Going forward, environmental concern in the production processes of mobile phones will be a key driving factor for future demand of stainless steel usage in mobile phone cases. According to the Synovate Report, technology advancement in stainless steel production will further reduce the pollution produced during the manufacturing processes of stainless steel. It is projected that stainless steel will further replace the use of some metals, such as copper and magnesium, the production processes of which involve more pollution.

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According to the Synovate Report, future production of stainless steel mobile phone cases will further shift from Europe or the Americas to China to take advantage of the lower production costs.

COMPETITIVE LANDSCAPE IN THE STAINLESS STEEL LUXURY PRODUCTS AND MOBILE PHONE CASES MANUFACTURING INDUSTRY

While industry machinery, transportation, building and construction remain as the greatest consumption sectors of stainless steel components, electronic devices and luxury goods are gaining position in the stainless steel manufacturing industry as customers' living standard improves and demand for luxury products increases. In particular, as the global economic and market conditions, the general consumer confidence and the consumer purchasing power continue to recuperate from the global financial crisis in 2008, increase in demand for commodities is expected to boost growth in the demand of stainless steel products, particularly in consumer products such as household appliances, electronic devices and luxury products. Besides, while the technology for application of stainless steel on watch bracelets is relatively mature and may thereby limit new growing opportunity for the application, such matured technology is applied towards other product categories such as accessories and mobile phone cases, driving faster growth of the stainless steel industry as a whole.

According to the Synovate Report, the stainless steel products manufacturing industry for luxury products and mobile phone cases is dominated by few leading players. We are one of the stainless steel watch bracelets manufacturers in the world, with a market share of the global stainless steel watch bracelet market for brands of watches having average retail price of HK\$10,000 or above of about 9.6% in 2010 according to the Synovate Report. Given the stringent manufacturers selection procedures and quality assurance measures adopted by brand owners of watch, costume jewellery and luxury products, particularly owners of internationally renowned brands, as well as mobile phone manufacturers, the substantial capital investments to stay competitive in the industry, we believe that international brand owners of watches and luxury products and mobile phone manufacturers and their respective intermediary agents tend to establish long-term partnership with reliable manufacturers to ensure continuous supply of products with consistent product quality. The entry barrier of the industry is also high, requiring manufacturers to invest in expensive and advanced machinery coupled with an experienced workforce and high production capacity, while the high switching barrier of long-term, established customers resulting from the close relationships between international brand owners of luxury products or mobile phone manufacturers with existing players hinders new entrants from gaining business opportunities from, or breaking into the established relationship with, these potential customers.

Nevertheless, with enormous growth potential in the global market for stainless steel luxury products and mobile phone cases, and with the stainless steel manufacturing industry in the PRC attracting more business opportunities due to lower cost in labour and advancement in technology over the past years, we face keen competition in our business and the stainless steel luxury products and mobile phone cases manufacturing industry is highly competitive. In particular, manufacturers are competing fiercely on technology and price to maintain their competitive edge, including the advancement in manufacturing technologies to keep track with the fast changing fashion design and seasonal trend, to enhance the quality, fitness and appearance of their products, and to lower their production costs by reducing labour costs and introducing automated production processes. Future competition will lie in the manufacturers' abilities to improve their operational efficiency and their capability to develop new production technologies to accommodate the frequent change customers' requirements. To enhance their competitiveness, it is expected that manufacturers will seek to improve their product

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design and development capabilities, to implement automated production processes to save costs and to improve consistency of quality, to expand their production capacities to accommodate future growing opportunities of new market segments, and to provide after-sales services to their customers (such as product repair, re-polishing and return of defective goods).

SOURCES OF INFORMATION

Report commissioned from Synovate Ltd.

We commissioned Synovate Ltd., an independent global market research company, to conduct an analysis of, and to report on, the global industry development overview and trends and competitive landscape for usage of stainless steel in luxury products and stainless steel cases of mobile phones. The report commissioned has been prepared by Synovate Ltd. independently. We paid HK\$318,000 to Synovate Ltd. for the report commissioned and we consider that such fee reflects market rates.

The Synovate Report we commissioned includes information on (i) the global stainless steel market with data on the global output value and volume of stainless steel and industry segmentation by application types, (ii) the global market for the use of stainless steel components in watch bracelets, costume jewellery and belt buckles, and (iii) the global market for the use of stainless steel in mobile phone cases, which have been quoted in this prospectus. The independent research undertaken by Synovate Ltd. involves primary research, client consultation and desk research. Primary research and client consultation involve interviews with key stakeholders and industry experts, including manufacturers of stainless steel components, luxury brands and experts and mobile phone manufacturers, and desk research involves collecting and verifying information from, among others, government department and statistics, trade and business press, company annual reports and publicity materials, industry reports and analyst reports, industry associations, industry journals, other online sources and data from the research database of Synovate Ltd. The intelligence gathered by Synovate Ltd. has been analysed, assessed and validated using their in-house analysis models and techniques.

The forecasts in the Synovate Report are based on the following general bases and assumptions:

- the global economy is assumed to maintain a steady growth across the forecast period;
- the global supply of stainless steel is assumed to be stable and without shortage over the forecast period;
- there is no external shock such as natural disasters or the wide outbreak of diseases to affect the global demand and supply of stainless steel, watch bracelets, costume jewellery and accessories, and mobile phones over the forecast period;
- the forecast Hong Kong dollar value is based on the current Hong Kong dollar value in 2010, with inflation factor input to the forecasting model; and
- the exchange rate of US\$1 to HK\$7.769 used in the Synovate Report.

No other information disclosed in this prospectus is extracted from reports commissioned by us.

The laws and regulations in respect of foreign trade and processing trade

The Foreign Trade Law of the PRC (中華人民共和國對外貿易法) was adopted by the Standing Committee of the National People's Congress on 12 May 1994, and was amended at Standing Committee of the National People's Congress on 6 April 2004, which provides that any foreign trade business operator that is engaged in the import and export of goods or technology shall be registered for archival purposes with the administrative department of foreign trade of the State Council or the institution entrusted thereby. Where any foreign trade business operator fails to file for archival registration according to relevant provisions, the customs authority may not handle the procedures of customs declarations and release of the import or export goods.

The Regulation of the PRC on the Administration of the Import and Export of Goods (中華人民共和國貨物進出口管理條例) passed by the State Council and became effective on 1 January 2002, together with the Foreign Trade Law of the PRC, standardises the administration of the import and export of goods. The PRC government adopts an automatic import and export licensing system for some freely imported and exported goods and technologies, and has a catalogue of such goods and technologies. From time to time, the PRC government promulgates catalogues of restricted and prohibited goods and technologies. For goods and technologies subject to import or export restrictions, the PRC government maintains separate quota managing and licensing systems. Restricted goods or technologies may only be imported or exported with the approval of the relevant foreign trade department. Prohibited goods or technologies may not be imported or exported at all.

According to the *Circular of the Ministry of Foreign Trade and Economic Cooperation on Printing and Distributing the Interim Measures for the Management of Examination and Approval of Processing Trade (Wai Jing Mao Guan Fa 1999 No. 314)* (《對外貿易經濟合作部關於印發〈加工貿易審批管理暫行辦法〉的通知》([1999]外經貿管發第314號)) issued on 27 May 1999 and effective as of 1 June 1999, any import and export enterprises, foreign invested enterprises and service companies which have obtained the operation license for processing engaging in processing trade must be examined and receive the approval of the foreign economic and trade authorities. Such processing enterprise shall submit the processing agreement with a foreign company and other application documents to the foreign economic and trade authorities, which will carry out examination and verification and issue the Processing Trade Business Approval Certificate (加工貿易業務批准證) to the qualified enterprises.

A processing enterprise must process and export in accordance with the particulars of its Processing Trade Business Approval Certificate, and sell back the finished products and carry out the verification procedures in accordance with the time limit specified in the Processing Trade Business Approval Certificate. If there is a true need to amend some of the particulars of the project or extend the sell-back period for the finished products due to objective factors, the processing enterprise must report to the original examination and approval authority for its approval, and Customs shall carry out relevant procedures on the strength of the approval document.

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Winox WFOE have been conducting processing trade businesses and thus is required to obtain the Processing Trade Business Approval Certificate. Winox WFOE has obtained the Processing Trade Business Approval Certificate issued by the Dongguan Foreign Trade and Economic Cooperation Bureau (東莞對外貿易經濟合作局) and is competent to conduct processing trade businesses.

Customs Law of the PRC

The Customs Law of the PRC (中華人民共和國海關法) was adopted by the Standing Committee of National People's Congress on 22 January 1987, and was revised by the Standing Committee of National People's Congress on 8 July 2000. The Customs Law of the PRC provides that all import goods and export goods shall be subject to customs control, and shall be declared and duties on them paid by their sender or receiver or by representatives entrusted by the sender or receiver and approved by and registered with the customs authority. The receiver of import goods and the sender of export goods shall make an accurate declaration and submit the import or export license and relevant papers to the customs authority for examination. Enterprises engaged in the processing trade shall file an approval document and a processing contract at the customs authority. The finished products of a processing trade shall be re-exported within the stipulated time limit.

Classified Management of Enterprises of the PRC

According to the *Measures of the Customs of the PRC for the Classified Management of Enterprises* (中華人民共和國海關企業分類管理辦法) issued on 14 October 2010 by the General Administration of Customs and effective as of 1 January 2011, consignees and consigners of import and export goods registered with the customs are under classified management. The customs will, in light of the enterprises' performances in observing laws, administrative regulations, customs rules, relevant provisions on clean government, their respective business management situations as well as the Customs supervision and statistical records, etc., establish five management categories of AA, A, B, C and D to evaluate and classify relevant enterprises. The customs formulates corresponding differential management measures for enterprises in different management categories, of which the enterprises in categories of AA and A shall be subject to corresponding convenient customs clearance measures.

Enterprises in the category of A shall simultaneously meet the following requirements: (i) having been subject to the management category of B for more than one year; (ii) having never committed the crime of smuggling, the act of smuggling or violation of the provisions on customs supervision and control for one consecutive year; (iii) having never been subject to any customs administrative punishment due to importing or exporting goods infringing intellectual property rights for one consecutive year; (iv) having no defaulted taxes or fines for one consecutive year; (v) having the gross import and export value more than US\$500,000 in the previous year; (vi) having the error rate of import or export declaration below 5% during the previous year; (vii) having sound accounting rules, as well as truthful and complete business records; (viii) having taken initiatives in cooperation with customs administration, timely handling various customs formalities, and provided truthful, complete and valid documents and certificates to the customs; (ix) submitting a Valuation Report on Enterprise Business Management Status every year; (x) handling the formality for reissuing and altering the Register Document for Customs Declaration of Consignees or Consigners of Import or

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Export Goods of the Customs of the PRC according to provisions; and (xi) having no bad records in the administrative departments and institutions of commerce, people's bank, industry and commerce, taxation, quality inspection, foreign exchange and supervision, etc. for one consecutive year.

Winox WFOE is currently under the management category A, and shall be entitled to convenient customs clearance measures, such as customs declaration priority, examination priority, clearance subscription priority; as a processing trade enterprise, Winox WFOE also enjoys preferential treatment of shadow deposit for security bank deposits and the priority for processing trade filing, alteration and declaration. However, Winox WFOE is currently under examination by the Customs Authority of Dongguan and could lose the said administrative preferential treatment, please see the section headed "Business – Non-compliance and legal proceedings" of this prospectus for details.

Measures of the Customs of the PRC for the Control over Goods for Processing Trade

According to the *Measures of the Customs of the PRC for the Control over Goods for Processing Trade* (中華人民共和國海關對加工貿易貨物監管辦法) promulgated on 26 February 2004, amended on 14 January 2008 for the first time, amended on 11 November 2010 for the second time by the General Administration of Customs, any operating enterprise for processing trade shall go through the formalities for filing for record of the processing trade goods with the customs and submit the documents as to the approval document for the operation of processing trade, the Certificate of the Production Capacity of Processing Enterprise of Processing Trade, contract concluded by the operating enterprise with the foreign party, etc. Where there is any alteration in the record of the processing trade goods, the operating enterprise shall go through the formalities for alteration within the valid term of the manual of processing trade. Where it is needed to report to the original examining and approving organ for approval, such report shall be made.

The operating enterprise shall process and re-export the imported materials within the prescribed time limit, and shall report to the customs for verification and writing off within 30 days from the day of export of the last batch of finished products under the manual of processing trade or the day of expiration of the manual of processing trade. Where the contract concluded by an operating enterprise with the foreign party is terminated before expiration, the enterprise shall report to the customs for verification and writing-off within 30 days from the day of termination of the contract.

Environmental Protection Law

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), which came into force on 26 December 1989, lays down the basic legal framework for environmental protection in PRC.

Facilities for the prevention and control of pollution at a construction project must be designed, built and commissioned together with the principal part of the project. Facilities for the prevention and control of pollution shall not be dismantled or left idle without approval. Enterprises and institutions discharging pollutants must report to and register with the relevant authorities in accordance with the provisions of the competent department of environmental protection administration under the State Council. Should such enterprises discharge pollutants in excess of the prescribed national or local

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discharge standards, they shall eliminate and control the pollution and shall be subject to a fee for excessive discharge. The importation of any technology or facility that fails to meet the requirements specified in the regulations of our country concerning environmental protection shall not be imported.

The Water Pollution Prevention Law

The Water Pollution Prevention Law of the PRC (中華人民共和國水污染防治法) which was promulgated on 11 May 1984 by the Standing Committee of the National People's Congress and amended on 15 May 1996, and which was further amended on 28 February 2008, established the standards for the prevention and control of pollution of rivers, lakes, canals, irrigation channels, reservoirs, other surface water, and underground water. New construction projects, projects under expansion or reconstruction, and other projects which may directly or indirectly discharge pollutants into water bodies shall be subject to such law.

The PRC adopts a pollutant discharge permit system with respect to the discharge of waste water. Entities directly or indirectly discharge industrial or medical waste water shall obtain a pollutant discharge permit. Enterprises that directly discharge water pollutants shall pay a discharge fee in accordance with the types and quantity of waste water discharged and relevant levy criteria, and the waste water discharged shall not exceed the prescribed national or local discharge standards.

In the production process of Winox WFOE, the main water pollutants discharged are acid etching and lapping waste water. As advised by our Company's PRC legal advisers, there are certain standards on the maximum daily discharge limit of water pollutants in Guangdong for acid etching and lapping waste water. According to the reply opinions of the environmental assessment report form by the Dongguan Bureau for Environmental Protection (東莞市環境保護局) and the Discharge of Pollutants Permit (排放污染物許可證) of Winox WFOE, there is also a discharge limit for the permitted discharge of acid etching and lapping waste water by Winox WFOE.

As advised by our Company's legal advisers, in case water pollutants in excess of the discharge limits are discharged by an entity, such entity may be ordered by the local environmental protection administrative authority to take rectification actions thereof within a time limit, and may also be imposed upon a fine of two to five times the amount of discharge fee payable by the local environmental protection administrative authority. During the aforesaid rectification period, the local environmental protection administrative authority may take restrictive actions against the violator to limit the production and the amount of pollutants discharge of the violator, or order the violator to cease production.

The Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste

The Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) was adopted and amended by the Meeting of the Standing Committee of the National People's Congress on 30 October 1995 and 29 December 2004 respectively, provides that manufactures, sellers, importers and users of products shall be responsible for preventing and controlling pollution by solid waste generated by the products. For construction of a project where solid waste is generated, the impact on the environment shall be assessed.

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The State institutes a system of report and registration for industrial solid waste. Enterprises generating industrial solid waste shall provide information about the types, quantity, flow direction, storage and treatment of industrial solid waste to the local environmental protection administrative authority.

Enterprises generating hazardous waste shall formulate plans for control of hazardous waste and provide information about the types, quantities, flow direction, storage and treatment of hazardous waste to the local environmental protection administrative authority, and shall not dump or pile up such waste without authorization. Enterprises shall supply or entrust hazardous waste to a unit that has a business license for collection, storage, utilization and treatment of hazardous waste. Enterprises that intend to transfer hazardous waste to another place shall fill in duplicate forms for transfer of hazardous waste and submit an application to the local environmental protection administrative authority where the hazardous waste is to be moved out.

Dangerous wastes are generated in the production process of Winox WFOE. According to the reply opinions of the environmental assessment report form by the Dongguan Bureau for Environmental Protection (東莞市環境保護局) in respect of Winox WFOE, Winox WFOE shall entrust an entity with Dangerous Waste Operating License (危險廢物經營許可證) to dispose of its dangerous waste, and complete the dangerous waste transfer report procedure. A fine of RMB20,000 to RMB200,000 will be imposed on Winox WFOE in case of violation of the above requirements.

Atmospheric Pollution Prevention Law

According to the *Atmospheric Pollution Prevention Law of the PRC* (中華人民共和國大氣污染防治法) revised and adopted by the Standing Committee of National People's Congress of the PRC on 29 April 2000 which was implemented on 1 September 2000, projects under establishment, expansion and reconstruction that discharge atmospheric pollutants have to comply with the state environmental protection administrative requirements relating to construction projects. Enterprises that discharge polluted gas should report to the local environmental protection administrative authority for their equipments that discharge pollutants, the facilities that dispose pollutants, and the type, amount and concentration of the pollutants under their ordinary operation. Enterprises are also required to provide the related technology information about the prevention and control of atmospheric pollution. The concentration of the pollutants must not exceed the state and local standard of discharge.

In the production process of Winox WFOE, the main atmospheric pollutant discharged is dust. There is in place regulation on the discharge limit of atmospheric pollutants, such as dust, in Guangdong Province of the PRC. In the event that the discharge of atmospheric pollutants is in excess of the discharge limits, the violator may be ordered to take rectification actions thereof within a time limit, and may be fined RMB10,000 to RMB100,000 by the local environmental protection administrative authority.

Environmental Protection Regulations for Construction Projects

Pursuant to the *Administrative Rules on the Environmental Protection of Construction Projects* (建設項目環境保護管理條例) promulgated by the State Council of the PRC and became effective on 29 November 1998, and the *Law of the PRC on Appraising Environmental Impacts* (中華人民共和國環境影響評價法) promulgated by the Standing Committee of National People's Congress of the PRC and became effective on 1 September 2003, the environmental impact assessments must be carried out by qualified institutions for the construction projects.

The construction entity shall work out the report of environmental impacts, the report form of environmental impacts or the registration form of environmental impacts according to the following principles: (i) if the environmental impacts may be significant, it shall work out a report of environmental impacts so as to include an all-round appraisal of the environmental impacts; (ii) if the environment impacts may be gentle, it shall work out a report form of environmental impacts so as to include an analysis or special appraisal of the environmental impacts; (iii) if environmental impacts may be very small so that it is not necessary to conduct an appraisal of the environmental impacts, it shall fill in a registration form of the environmental impacts. The environmental impact appraisal documents of a construction project shall be submitted by the construction entity to the competent environment administrative authority in charge of environmental protection for examination and approval. In case the environmental impact appraisal document of a construction project fails to pass the examination of the environment administrative authority or fails to be approved after examination, the construction entity may not start construction.

Pursuant to the *Administrative Rules on the Environmental Protection of Construction Projects* and the *Administrative Measures on Environmental Protection Inspection Acceptance for Completion of Construction Projects* (建設項目竣工環境保護驗收管理辦法) promulgated by the Ministry of Environmental Protection of the PRC and became effective on 1 February 2002, the matched environmental protection facilities construction required for the construction project shall be designed, constructed and put into operation, production or trial production simultaneously with the main part of the construction project. Trial production shall not be allowed unless construction entity has applied to the environmental protection administration authority and got the approval.

Inspection acceptance for completion of construction of environmental protection facilities should be conducted simultaneously with that for completion of construction of the main part of construction project. Where there is trial production of the construction project, the construction entity shall, within 3 months starting from the date of the construction project going into trial production, apply for environmental protection inspection acceptance for completion of construction project to the competent environmental protection administration authority.

Regulations on Foreign exchange

Foreign currency exchange regulation of the PRC is primarily governed by the following regulations: the Foreign Exchange Administration Regulations (中華人民共和國外匯管理條例), most recently amended on 1 August 2008 by the State Council, and the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定) promulgated by the People's Bank of China on 20 June 1996.

Under the Foreign Exchange Administration Regulations, RMB is convertible without approval from the State Administration of Foreign Exchange of the PRC ("SAFE")(國家外匯管理局) or its local counterpart only with regards to current account transactions, including trade and service related foreign exchange transactions and payment of dividends to foreign investors, while the foreign exchange transactions in respect of capital account items including the foreign currency capital in any foreign investment enterprise in the PRC, the repayment of foreign currency loans and the payment pursuant to foreign currency guarantees, continue to be subject to significant foreign exchange controls and require the prior approval of the SAFE or its local counterpart.

Under the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange, foreign invested enterprises may only buy, sell and/or remit foreign currencies at those banks authorised to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from SAFE.

In addition, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign Invested Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資金支付結匯管理有關業務操作問題的通知) on 29 August 2008, regulating the conversion of foreign currency into RMB by a foreign-invested company by restricting how the converted RMB may be used. The above circular requires that the registered capital of a foreign-invested enterprise settled in RMB that is converted from foreign currencies may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of the registered capital of foreign-invested enterprises settled in RMB converted from foreign currencies. The use of such RMB capital may not be changed without SAFE's approval, and may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of the above circular could result in severe monetary or other penalties.

PRC Law for the Safety of Production

According to *the Law of the PRC on the Safety of Production* (中華人民共和國安全生產法) which was promulgated on 29 June 2002 by the Standing Committee of the National People's Congress and became effective on 1 November 2002, enterprises carrying out production activities shall have safe production conditions as required by relevant laws and regulations. Enterprises having more than 300 employees shall form a management department to carry out the functions of production safety or appoint personnel solely

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responsible for production safety. Enterprises shall display warning signs at the location and on equipment with high potential risks. Enterprises shall purchase job-related injury insurance according to relevant laws and regulations.

Labour and social insurance

The PRC has many labour and social insurance laws and regulations, including the Labour Law of the PRC (中華人民共和國勞動法), the Labour Contract Law of the PRC (中華人民共和國勞動合同法), the Regulations on Work-related Injury Insurance (工傷保險條例), the Regulations on Unemployment Insurance (失業保險條例), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行辦法), the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法), the Regulations on Management of Housing Provident Fund (住房公積金管理條例) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time in the PRC.

Under the Labour Law of the PRC and the Labour Contract Law of the PRC, labour contracts in written form must be executed to establish labour relationships between employers and employees. Wages cannot be lower than the local minimum wage. Employers must establish a system for labour safety and sanitation, strictly abide by state standards, and provide relevant education to their employees. Employers are also required to provide for their employees a safe and sanitary work environment that meets state requirements, and to carry out regular health examinations of employees engaged in hazardous occupations.

Under the Regulations on Work-Related Injury Insurance, the Regulations on Unemployment Insurance, the Provisional Measures on Insurance for Maternity of Employees, the Interim Regulation on the Collection and Payment of Social Insurance Premiums, and the Interim Provisions on Registration of Social Insurance, enterprises are required to provide the employees in the PRC with social insurance covering basic pension insurance, unemployment insurance, maternity insurance, injury insurance and basic medical insurance. On 28 October 2010, the Social Insurance Law of the PRC (中華人民共和國社會保險法) was adopted by the 17th meeting of the Standing Committee of the 11th National People's Congress of the PRC on 28 October 2010, and shall come into force on 1 July 2011, provides that enterprises shall pay basic pension insurance, basic medical insurance, injury insurance, unemployment insurance and maternity insurance for employees. According to the Regulations on Management of Housing Provident Fund, enterprises shall register and open housing provident fund accounts for employees at housing provident fund authorities, and pay housing provident fund.

Permits, certificates and licences

As advised by our PRC legal advisers, save as disclosed in the section headed "Business – Non-Compliance and Legal Proceedings" of this prospectus, Winox WFOE, Huizhou WFOE and Yingxinfeng WFOE have complied with all the relevant PRC laws and regulations, and have obtained all necessary permits, certificates and licenses for their current business and operations.

HISTORY AND DEVELOPMENT

OUR BUSINESS HISTORY

In July 1999, Mr. Yiu, our founder and Chairman, who has over 27 years of experience in the metal products manufacturing industry, founded the business of our Group by acquiring certain assets and equipment for the manufacture of stainless steel watch bracelets from Independent Third Parties. Our Group and Winox S.A., our Group's largest customer during the Track Record Period and an Independent Third Party, have been using the same business name of "Winox" because so far as our Directors are aware of, both the aforesaid assets and equipment acquired by us in 1999 when our Group was founded and the trading of stainless steel watch bracelet business currently conducted by Winox S.A. originally belonged to the same group of companies, being Independent Third Parties, which carried "Winox" as their business name.

In order to secure the long term development of our Group, we started to set up our own manufacturing base in the PRC in 2001, whereby we entered into an agreement to acquire a piece of land in Dalang Town, Dongguan, Guangdong Province, the PRC for the construction of our Dalang Factory. In 2002, we obtained the relevant land use planning approval for the land with a site area of about 59,000 sq. m., and commenced the design and construction of the first phase of our Dalang Factory thereon. The construction of the entire first phase of our Dalang Factory was completed in 2003, with three factory buildings, three staff quarters and one ancillary building with an aggregate gross floor area of about 32,217 sq. m.. In September 2002, Winox Manufacturing entered into a processing agreement with Dongguan Dalang Xin Malian Industrial Development Company* (東莞市大朗新馬蓮工業發展公司) ("**Xin Malian Co**"), an Independent Third Party, and Dongguan Foreign Processing and Assembly Service Company Limited (東莞市對外加工裝配服務公司). Under the processing agreement, Xin Malian Co was involved as a contracting party in the provision of manufacturing services to our Group for the manufacture of our products at the Dalang Factory. Pursuant to the processing agreement, we provided all the production materials, consumables, parts and components, packaging materials and other auxiliary materials and all the machinery to Dalang Factory for production of our products, and sent our technical staff to the Dalang Factory from time to time to monitor the production process and provide technical assistance at our own cost. As advised by our PRC legal advisers, the processing arrangements were legal and in compliance with PRC laws.

Since 2008, the local government authorities of Dongguan have issued a series of policies to encourage the establishment of wholly-foreign owned enterprises rather than engaging processing factories for the provision of processing services, among others, to consolidate its resources and upgrade the businesses. In order that the production would not be affected during the course of upgrade, the local government authorities permit a way of non-stop production on site to realise the upgrade. Before the processing factories cancel processing contracts at the local customs authorities and go through the cancellation procedures in respect of industrial and commercial registration, the upgraded enterprises could sign processing contracts to undertake the operations of processing factories, and would not need to go through, among others, fire and environment re-examination procedures in respect of its production if there are no alterations of production range, production site, processing technique, and no expansion or reconstruction project. Such enterprises shall be allowed to use the new and old

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registration codes during the specified transition period. The upgraded enterprises shall not be required to provide guarantee for obtain the processing trade manual. The customs authority will generally not inspect on site before new upgraded enterprise (as a wholly-foreign owned enterprise) obtain its new processing trade manual. The upgraded enterprises are also able to enjoy preferred customs management category and management measures. The relevant government authorities shall provide special and “one stop style” services for the upgraded enterprises to provide conveniences for the transition. Dalang Factory was a pilot factory for the aforementioned industry upgrade policy for Dongguan. Winox Enterprise and Winox WFOE started to accept purchase orders from customers and to carry out the manufacturing operations of our Group at the Dalang Factory in place of Winox Manufacturing and the then third party processing arrangements, and Winox Manufacturing gradually ceased its manufacturing and sales activities.

As advised by our PRC legal advisers, the processing arrangements were legal and in compliance with PRC laws. After Winox Manufacturing completing the purchase orders placed by its customers up to November 2007, the directors of Winox Manufacturing resolved to cease the business of Winox Manufacturing in December 2008, and the abovementioned processing agreement was formally terminated in April 2009. Our Directors confirmed that prior to its cessation of business, (i) they were not aware of any breach of any applicable rules, regulations and laws by Winox Manufacturing; and (ii) Winox Manufacturing was not subject to any disputes, claims, legal proceedings, investigations or sanctions.

In March 2008, Winox Manufacturing transferred to Winox Enterprise and Winox WFOE certain equipment, properties and fixtures owned by Winox Manufacturing at a consideration of RMB813,916.53 and RMB1,056,259 respectively, which was determined with reference to the valuation reports issued by independent valuers. Remaining assets and liabilities of Winox Manufacturing, composing mainly current accounts with its shareholders, were retained by Winox Manufacturing as they are not necessary for the business of the Group upon its cessation of business in December 2008.

In 2003, we commenced the construction of the second phase of our Dalang Factory with five factory buildings, one training centre, one warehouse and one ancillary building with an aggregate gross floor area of about 14,163 sq. m., which was completed in stages from 2003 to 2008. As at 31 December 2010, we had a workforce of over 3,000 employees in our Dalang Factory for production of our watch bracelets, costume jewellery and accessories, with an annual production capacity of about 2.4 million watch bracelets or about 9.8 million necklace, or about 20.3 million bag accessories. Please refer to the paragraph headed “Manufacturing facilities and machinery” in the section headed “Business” in this prospectus for the basis of calculations of our production capacity.

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We are committed to invest in and improve our manufacturing capabilities and techniques so as to enhance our products' quality. We introduced the use of CNC machinery which allowed automated and multi-tasking production processes by the input of the relevant data of our computer-aided designed products, into our manufacturing processes to improve the consistency and quality of our products and also to further enhance the efficiency of our production process. In 2004, we began to research and develop our own semi-automatic polishing techniques for stainless steel materials by coupling purchased machinery with our technical knowhow, which was put into production use in 2006 for our polishing processes.

Since 2004, we expanded our product portfolio to include costume jewellery such as earrings, rings, pendants, necklaces, bracelets and cufflinks and by 2007 our product portfolio had expanded to cover accessories such as bag accessories and by 2009, leather belt buckles. In June 2011, we have also commenced trial production of stainless steel mobile phone cases. We plan to commence the commercial production of our stainless steel mobile phone cases at Dongfengcun Factory in the third quarter of 2011. The Dongfengcun Factory was leased by us from Ming Fung Kitchen in May 2011, comprising one factory building, two ancillary buildings and one electricity room with an aggregate gross floor area of about 3,730 sq. m. on a site area of about 6,666 sq. m. As at the Latest Practicable Date, the Dongfengcun Factory housed a workforce of about 90 employees with a planned annual production capacity of about 948,000 stainless steel mobile phone cases.

We were ISO9001:2000 certified in July 2008 and ISO9001:2008 certified in August 2010 in recognition of our established quality management system. We were also accredited with SA8000:2001, which is an international standardised code of conduct on working conditions, in January 2008, and obtained the SA 8000: 2008 certification in March 2010 and January 2011. These certifications represent a key achievement in our commitment to quality management and corporate social responsibility.

OUR CORPORATE HISTORY

Our principal operating subsidiaries are Winox Enterprise and Winox WFOE. We underwent a group reorganisation for the purpose of the Share Offer, further information on which is set forth in the section headed "Reorganisation" in this prospectus.

The Controlling Shareholders of our Company are Mr. Yiu and Ms. Law Wai Ping, the spouse of Mr. Yiu. The other ultimate individual Shareholders are either business partners or then members of senior management of our Group or their related parties. Mr. Mak together with Mark Yiu and Ms. Yiu (being the brother and sister of Mr. Yiu, respectively), are long time business partners of Mr. Yiu and have invested in the Group since its establishment. As an incentive to its senior management, Winox Enterprise has granted to, and Mr. So Bing Jo, Mr. Chan, Mr. Ng, Mr. Ko Wai Cheung, and Mr. Li, who have been or were at the material time members of the senior management of Winox Enterprise, had subscribed for, inter alia, an aggregate of 16% of the issued share capital of Winox Enterprise in 2001.

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Mr. So Bing Jo passed away in September 2006 and his interest in Winox Enterprise was inherited by his wife, Ms. Tang in May 2009; Mr. Ko Wai Cheung sold all of his interest in Winox Enterprise to Mr. Yiu on 31 December 2008 as he resigned as a senior management of Winox Enterprise. No shareholders agreement has been entered into among Ms. Tang, Mr. Chan, Mr. Ng, Mr. Li, Mr. Mak, Mark Yiu and Ms. Yiu and with Mr. Yiu and Ms. Law Wai Ping.

As confirmed by our Directors after making enquiries with each of Mr. Mak, Mark Yiu, Ms. Yiu, Ms. Tang, Mr. Chan, Mr. Ng and Mr. Li, such individuals are not Controlling Shareholders of our Company and are not acting in concert with Mr. Yiu and Ms. Law Wai Ping.

Winox Enterprise

On 23 March 2001, Winox Enterprise was incorporated under the Companies Ordinance in Hong Kong. Winox Enterprise has been principally engaged in the trading of materials and procurement of sales orders for our Group. As at the date of incorporation, Winox Enterprise had an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each and an issued share capital of 10,000 shares. Winox Enterprise was held by Good Effect as to 59%, So & Y Limited as to 25%, the late Mr. So Bing Jo as to 5%, Mr. Chan as to 4%, Mr. Ng as to 3%, Ko Wai Cheung as to 3% and Mr. Li as to 1%.

On 1 December 2006, So & Y Limited disposed of all its interest in Winox Enterprise to Good Effect for a consideration of HK\$475,000. After the transfer, Winox Enterprise was held by Good Effect as to 84%, the late Mr. So Bing Jo as to 5%, Mr. Chan as to 4%, Mr. Ng as to 3%, Mr. Ko Wai Cheung as to 3% and Mr. Li as to 1%.

On 31 December 2007, Good Effect disposed of all its interest in Winox Enterprise to Glorify Land at par value. After the transfer, Winox Enterprise was held by Glorify Land as to 84%, the late Mr. So Bing Jo as to 5%, Mr. Chan as to 4%, Mr. Ng as to 3%, Mr. Ko Wai Cheung as to 3% and Mr. Li as to 1%.

On 31 December 2008, Mr. Ng transferred to Mr. Ko Wai Cheung 1% of the then entire issued share capital of Winox Enterprise at par value. On the same date, Mr. Ko Wai Cheung transferred to Glorify Land all his interest in Winox Enterprise, representing 4% of the then entire issued share capital of Winox Enterprise, for a consideration of HK\$1,830,000, which was determined with reference to the then estimated profit of the company for the next three years. After the transfer, Winox Enterprise was held by Glorify Land as to 88%, the late Mr. So Bing Jo as to 5%, Mr. Chan as to 4%, Mr. Ng as to 2% and Mr. Li as to 1%.

On 5 May 2009, for the purposes of distributing the estate of Mr. So Bing Jo, the interest held by the late Mr. So Bing Jo in Winox Enterprise, representing 5% of the entire issued share capital of Winox Enterprise, was transferred to Ms. Tang at nil consideration. After the transfer, Winox Enterprise was held by Glorify Land as to 88%, Ms. Tang as to 5%, Mr. Chan as to 4%, Mr. Ng as to 2% and Mr. Li as to 1%.

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On 30 December 2009 the authorised share capital of Winox Enterprise was increased to HK\$60,000,000 divided into 60,000,000 shares of HK\$1 each. On the same date, Winox Enterprise allotted and issued 35,191,200 shares and 4,798,800 shares to Glorify Land and Winholme Holdings respectively. The issued share capital of Winox Enterprise was 40,000,000 shares. Winox Enterprise was then held by Glorify Land as to 88%, Winholme Holdings as to 11.997%, Ms. Tang as to 0.00125%, Mr. Chan as to 0.001%, Mr. Ng as to 0.0005% and Mr. Li as to 0.00025%.

On 31 December 2009, Ms. Tang, Mr. Chan, Mr. Ng and Mr. Li transferred all their respective interest in Winox Enterprise to Winholme Holdings at par value as part of an internal reorganisation between the parties. After the transfer, Winox Enterprise was held by Glorify Land as to 88% and Winholme Holdings as to 12%.

On 31 December 2010, Winox Enterprise capitalised its reserves in the amount of HK\$20,000,000 and allotted and issued 17,600,000 shares and 2,400,000 shares of HK\$1.00 each, credited as fully paid, to Glorify Land and Winholme Holdings, respectively.

Pursuant to the Reorganisation, Winox Enterprise has become a wholly-owned subsidiary of Glorify Land and is accordingly an indirect wholly owned subsidiary of our Company.

Glorify Land

On 13 November 2007, Glorify Land was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 30 December 2007, Glorify Land allotted and issued one share to Ming Fung BVI. Glorify Land has been acting as an intermediate holding company of our Group.

On 11 March 2011, Glorify Land capitalised its retained earnings and issued an additional 879 shares to Ming Fung BVI. On the same date, Ming Fung BVI, as the trustee, transferred 75 shares, 20 shares and 20 shares to each of the beneficial owners, i.e. Mr. Mak, Mark Yiu and Ms. Yiu respectively at nil consideration. Glorify Land was then held by Ming Fung BVI, Mr. Mak, Mark Yiu and Ms. Yiu as to about 86.93%, 8.53%, 2.27% and 2.27% respectively.

Following the Reorganisation, Glorify Land has become a direct wholly-owned subsidiary of our Company.

Feng Cai

On 2 December 2009, Feng Cai was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. Feng Cai was principally engaged in investment holding. On 31 December 2009, Feng Cai allotted and issued one share to Ming Fung Limited. On 23 June 2010, Ming Fung Limited transferred one share in Feng Cai to Ming Fung BVI at par value. On the same date, Feng Cai allotted and issued 87 shares and 12 shares at par value to Ming Fung BVI and Winholme Holdings, respectively. Feng Cai has been acting as the intermediate holding company of our Group.

Following the Reorganisation, Feng Cai has become a direct wholly-owned subsidiary of our Company.

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Max Surplus

On 3 December 2009, Max Surplus was incorporated under the Companies Ordinance in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. Max Surplus had been principally engaged in investment holding. On 7 January 2010, one subscriber share in Max Surplus was transferred to Feng Cai at par. Max Surplus has been acting as the intermediate holding company of our Group. Max Surplus has been a direct wholly-owned subsidiary of Feng Cai since 7 January 2010 and, following the Reorganisation, has become an indirect wholly owned subsidiary of our Company.

Winox BVI

On 1 February 2010, Winox BVI was incorporated in the BVI with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On 1 March 2010, Winox BVI allotted and issued one share to Mr. Yiu.

Following the Reorganisation, Winox BVI has become a direct wholly-owned subsidiary of our Company and is inactive.

Winox Management

On 8 September 2010, Winox Management was incorporated under the Companies Ordinance in Hong Kong with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the same date, Winox Management allotted and issued one share to Glorify Land and has been a direct wholly-owned subsidiary of Glorify Land and is accordingly an indirect wholly owned subsidiary of our Company. Winox Management has been principally engaged in the provision of management and administration services.

Winox WFOE

On 15 March 2002, the articles of association of Winox WFOE and its establishment by Winox Enterprise were approved by the relevant PRC regulatory authorities. Each of the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC and the business licence was granted to Winox WFOE on 20 March 2002 and 4 April 2002 respectively. On 4 April 2002, Winox WFOE was established in the PRC and based on the articles of association of Winox WFOE dated 16 January 2002, the registered capital of Winox WFOE of HK\$15 million would be contributed by Winox Enterprise and the principal business activities of Winox WFOE included the manufacturing and sale of watch bracelets costume jewellery and accessories. As at 19 February 2003, the paid-up capital of Winox WFOE amounted to HK\$8.85 million. As at 23 February 2006, its paid-up capital increased to HK\$15 million.

On 29 August 2007 the registered capital of Winox WFOE was increased by HK\$5 million to HK\$20 million. As at 18 January 2008, its paid-up capital amounted to HK\$19.65 million.

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On 10 July 2008 the registered capital of Winox WFOE was increased by HK\$10 million to HK\$30 million. As at 19 September 2008, its paid-up capital amounted to HK\$21.65 million. As at 20 August 2009, its paid-up capital amounted to HK\$26.65 million.

On 18 September 2009, the registered capital of Winox WFOE was increased by HK\$10 million to HK\$40 million. As at 23 September 2009, its paid-up capital amounted to HK\$31.65 million. As at 20 October 2009, its paid-up capital amounted to HK\$34.65 million. As at 5 May 2010, its paid-up capital amounted to HK\$39.65 million.

On 4 November 2010, the registered capital of Winox WFOE was increased by a further HK\$10 million to HK\$50 million. As at 25 October 2010, its paid-up capital amounted to HK\$41.65 million. As at 7 April 2011, its paid-up capital amounted to HK\$50 million.

Winox WFOE has been a wholly-owned subsidiary of Winox Enterprise since its establishment and, following the Reorganisation, it has become an indirect wholly owned subsidiary of our Company.

Huizhou WFOE

On 17 May 2010, the articles of association of Huizhou WFOE and its establishment by Max Surplus were approved by the relevant PRC regulatory authorities. Each of the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the PRC (台港澳僑投資企業批准證書) and the business licence was granted to Huizhou WFOE on 4 June 2010 and 4 August 2010 respectively. On 10 June 2010, Huizhou WFOE was established in the PRC and based on the articles of association of Huizhou WFOE dated 22 March 2010, the registered capital of Huizhou WFOE of HK\$50 million would be contributed by Max Surplus and the principal business activities of Huizhou WFOE included manufacture and sale of watch bracelets, watch shell accessories, costume jewellery, gold and silver jewellery, non-gold jewellery, mobile phone case and mould. As at 6 July 2010, the paid-up capital of Huizhou WFOE amounted to about HK\$20 million. As at 19 August 2010, the paid-up capital of Huizhou WFOE amounted to HK\$30 million. As at 2 September 2010, the paid-up capital of Huizhou WFOE amounted to about HK\$45 million. All such capital was contributed by Max Surplus. On 14 April 2011, the registered capital of Huizhou WFOE was increased by HK\$2 million to HK\$52 million. As at 10 June 2011, the paid-up capital of Huizhou WFOE amounted to HK\$52 million.

Huizhou WFOE has been a wholly-owned subsidiary of Max Surplus since its establishment and, following the Reorganisation, it has become an indirect wholly owned subsidiary of our Company.

Yingxinfeng WFOE

On 9 December 2010, Yingxinfeng WFOE was established in the PRC and based on the articles of association of Yingxinfeng WFOE dated 9 September 2010, the principal business activities of Yingxinfeng WFOE included manufacture and sale of watch

HISTORY AND DEVELOPMENT

bracelets, watch shell, metal spare parts, costume jewellery, tooling moulds, gold and silver jewellery, non-metallic jewellery and metal mobile phone case.

On 1 November 2010, the said articles of association of Yingxinfeng WFOE and its establishment by Max Surplus were approved by the relevant PRC regulatory authorities. Each of the Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the PRC (台港澳僑投資企業批准證書) and the business licence was granted to Yingxinfeng WFOE on 2 December 2010 and 9 December 2010 respectively. None of the registered capital of Yingxinfeng WFOE had been paid before its disposal on 1 March 2011 pursuant to the Reorganisation.

Prior to the Reorganisation, Yingxinfeng WFOE had not commenced business and it was not intended to commence business soon. Accordingly, no capital was injected into Yingxinfeng WFOE, and pursuant to the Reorganisation, Max Surplus transferred Yingxinfeng WFOE to a company owned by the Controlling Shareholders, and Yingxinfeng WFOE ceased to be a member of our Group.

Winox Manufacturing

On 5 July 1999, Winox Manufacturing was incorporated under the Companies Ordinance in Hong Kong. Winox Manufacturing had been principally engaged in the manufacture and sale of watch bracelets, costume jewellery and accessories. Upon incorporation of Winox Manufacturing, two shares have been issued and allotted to the initial subscribers, which were subsequently transferred to Good Effect and Mr. Yiu (as nominee of Good Effect) on 20 July 1999. After the transfer, Winox Manufacturing was beneficially owned as to 100% by Good Effect.

On 20 December 1999, Winox Manufacturing increased its authorised share capital to HK\$60,000,000 divided into 60,000,000 ordinary shares of HK\$1.00 each, and allotted and issued at par value 29,999,998, 24,000,000 and 6,000,000 shares to Good Effect, Favourite Agents Limited and Winox International Holdings (BVI) Limited, respectively. On 24 January 2000, Mr. Yiu, as the trustee, transferred one share of Winox Manufacturing to its beneficial owner, Good Effect, at nil consideration.

On 18 December 2000, Favourite Agents Limited disposed of all its interest in Winox Manufacturing to Good Effect for a consideration of HK\$43,125,000. On 29 March 2004, Good Effect transferred 6,000,000 shares in Winox Manufacturing to Fascinor Holding SA to hold such shares as a trustee for the benefit of Good Effect. On 30 November 2005, Winox International Holdings (BVI) Limited transferred 6,000,000 shares in Winox Manufacturing to Good Effect. Winox Manufacturing became beneficially owned as to 100% by Good Effect after the aforesaid transfers.

On 28 December 2005, Good Effect transferred to Tung Joyce Wing Kei, Tung Jacky Siu Leung, Tung Yiu Fai, Tung Ricky Siu Yuen, Leung Po Kan, Tung Yiu Ho, Dong Yaobo and Mr. Ng, respectively, 5%, 5%, 6.5%, 5%, 1.5%, 1%, 1% and 2% of the entire issued share capital of Winox Manufacturing. Subsequently, on 1 December 2006, Tung Joyce Wing Kei, Tung Jacky Siu Leung, Tung Yiu Fai, Tung Ricky Siu Yuen, Leung Po Kan, Tung Yiu Ho and Dong Yaobo disposed of all of their interest in Winox Manufacturing to Good Effect for an

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aggregate consideration of HK\$15,000,000. After the transfer, Winox Manufacturing was beneficially owned as to 98% by Good Effect and 2% by Mr. Ng.

As described in the section headed “History and development – Our business history” in this prospectus, since 2008, Winox Enterprise and Winox WFOE started to carry out the operations of our Group and the directors of Winox Manufacturing resolved to cease the business of Winox Manufacturing in December 2008. During 1 December 2008 to 30 December 2008, Winox Manufacturing was beneficially owned as to 72.5%, 7.5%, 2%, 2%, 4%, 1%, 5%, 2 % and 4% by Mr. Yiu, Mr. Mak, Ms. Yiu, Mark Yiu, Mr. Chan, Mr. Li, Ms. Tang, Mr. Ng and Mr. Ko Wai Cheung, respectively.

On 31 December 2008, Mr. Ko Wai Cheung sold all of his beneficial interest in Winox Manufacturing (representing 4% of its entire issued capital) to Mr. Yiu at a consideration of HK\$1,921,500, which was determined with reference to the then estimated profit of the company for the next three years, whereas the beneficial interest of the other parties remained unchanged. Subsequently, on 30 November 2010, Fascinor Holding SA, as the trustee, transferred all its interest in Winox Manufacturing to its beneficial owner, Good Effect. The beneficial interests of the shareholders remain unchanged.

Winox Manufacturing was not included in our Group pursuant to the Reorganisation as the directors of Winox Manufacturing had resolved to cease the business of Winox Manufacturing in December 2008. We currently expect that Winox Manufacturing will be dissolved by the second quarter of 2012.

Our Company

For the purpose of the Listing, our Company was incorporated on 28 January 2010 in the Cayman Islands as an exempted company with limited liability, and it has become the ultimate holding company of our Group as a result of the Reorganisation. Details of the Reorganisation are set out in the section headed “Reorganisation” in this prospectus.

Our Group specialises in the manufacture of stainless steel products, on an OEM basis, for our customers based on their design and specifications with our own product development and research and development capabilities. We are principally engaged in the manufacturing of stainless steel watch bracelets, costume jewellery such as earrings, rings, pendants, necklaces, bracelets and cufflinks and accessories such as bag accessories and leather belt buckles. Please refer to the section headed “Business” in this prospectus for details relating to our business.

REORGANISATION

The companies comprising our Group underwent a reorganisation to rationalise our corporate structure in preparation for the Listing, and as a result, our Company became the holding company of our Group. The Reorganisation involved the following steps:

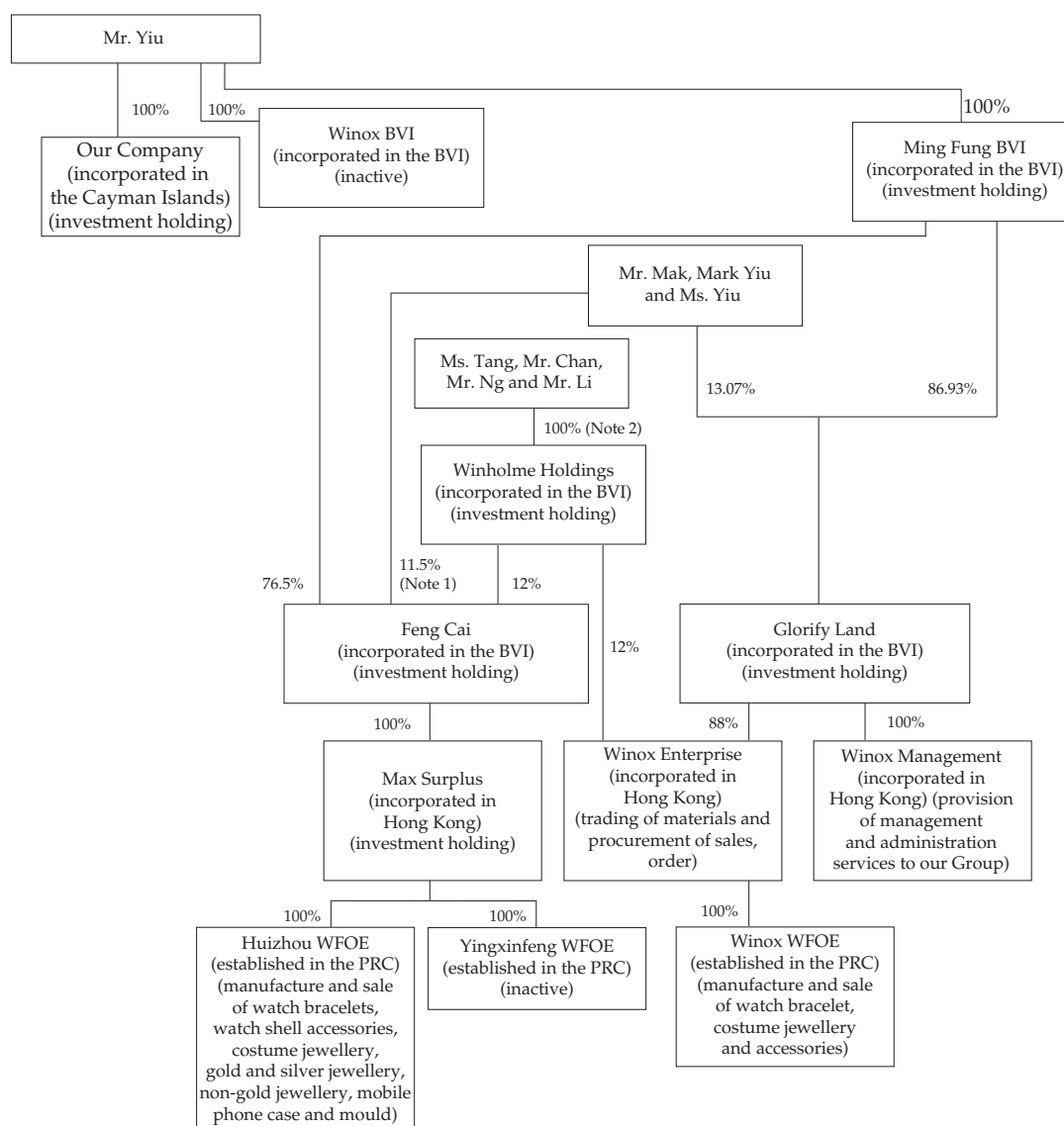
1. on 11 March 2011, Mr. Yiu transferred 78 Shares (comprising the entire issued share capital of our Company) held by him in our Company to Ming Fung Investment, which was settled by Ming Fung Investment issuing one share for a consideration of HK\$7.80 to Mr. Yiu, representing the par value of the Shares transferred;
2. On 11 March 2011, Mr. Yiu transferred the entire issued share capital of Winox BVI, being 1 share of US\$1.00 to our Company for a nominal consideration as Winox BVI was newly incorporated, inactive and did not hold any asset.
3. On 1 March 2011, Max Surplus transferred to Ming Fung Real Estates Limited (a company incorporated in Hong Kong which is indirectly owned by Mr. Yiu and Ms. Law Wai Ping) the entire equity interest of Yingxinfeng WFOE for an aggregate cash consideration of HK\$10.00 payable by Ming Fung Real Estates Limited. The nominal consideration was determined based on the fact that Yingxinfeng WFOE had not commenced business and that no capital was injected into Yingxinfeng WFOE. (Note: After the said transfer, Yingxinfeng WFOE ceased to be a member of the Group. Please refer to the section headed "History and development – Our business history" in this prospectus for further details.)
4. On 11 March 2011,
 - (i) Ming Fung BVI, Mr. Mak, Mark Yiu and Ms. Yiu transferred 765 shares, 75 shares, 20 shares and 20 shares, respectively, representing, in aggregate, the entire issued share capital of Glorify Land to our Company; and
 - (ii) Winholme Holdings, Ming Fung BVI, Mr. Mak, Mark Yiu and Ms. Yiu transferred to our Company their respective interest representing 12%, 76.5%, 7.5%, 2% and 2% of the share capital of Feng Cai, respectively, representing, in aggregate, the entire issued share capital of Feng Cai,and, based on the net asset value of the target companies, in consideration of the above transfers, (a) our Company issued 802 Shares to Ming Fung Investment, and Ming Fung Investment in turn issued 763 shares to Ming Fung BVI, 75 shares to Mr. Mak, 20 shares to Mark Yiu and 20 shares to Ms. Yiu; (b) our Company issued one Share to Winhome Holdings, and (c) Mr. Yiu transferred his 2 shares in the issued share capital of Ming Fung Investment to Ming Fung BVI.
5. On 11 March 2011, Winholme Holdings transferred 7,200,000 shares, representing 12% of the entire issued share capital of Winox Enterprise to Glorify Land; and based on the net asset value of the target company, in consideration of the above transfer, Glorify Land issued one share to our Company and our Company issued 119 Shares to Winholme Holdings.
6. On 11 March 2011, Mr. Yiu subscribed for 99 new shares of Ming Fung BVI of US\$1.00 each for an aggregate cash consideration of US\$99.00. After such allotment, on 11 March 2011 Mr. Yiu transferred 40 shares of Ming Fung BVI, representing 40% of the entire issued share capital of Ming Fung BVI, to Ms. Law Wai Ping by way of gift.

REORGANISATION

Winox Manufacturing ceased business in December 2008, and thus, Winox Manufacturing was not included as a member of our Group for the purpose of the Reorganisation. Please refer to the section headed “History and development – Our business history” in this prospectus for further details.

OUR CORPORATE STRUCTURE

Prior to the Reorganisation, the shareholding and corporate structure of our Group was as follows:

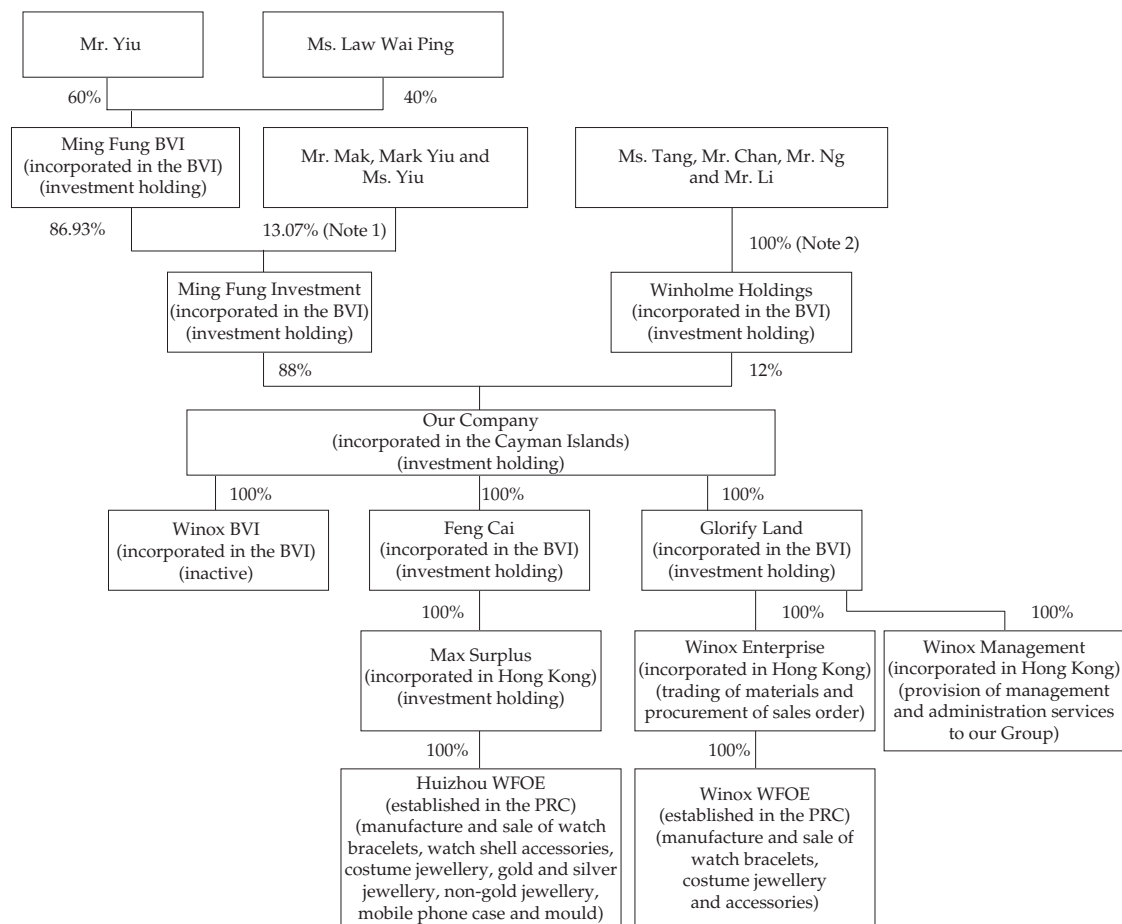


Notes:

1. Mr. Mak was the beneficial owner of about 7.5%, Mark Yiu was the beneficial owner of about 2% and Ms. Yiu was the beneficial owner of about 2% of the issued share capital of Feng Cai.
2. Ms. Tang, Mr. Chan, Mr. Ng and Mr. Li held about 41.67%, 33.33%, 16.67% and 8.33%, respectively of the issued shares in Winholme Holdings.

REORGANISATION

The following chart summarises our Group structure after the Reorganisation but immediately before the Share Offer:

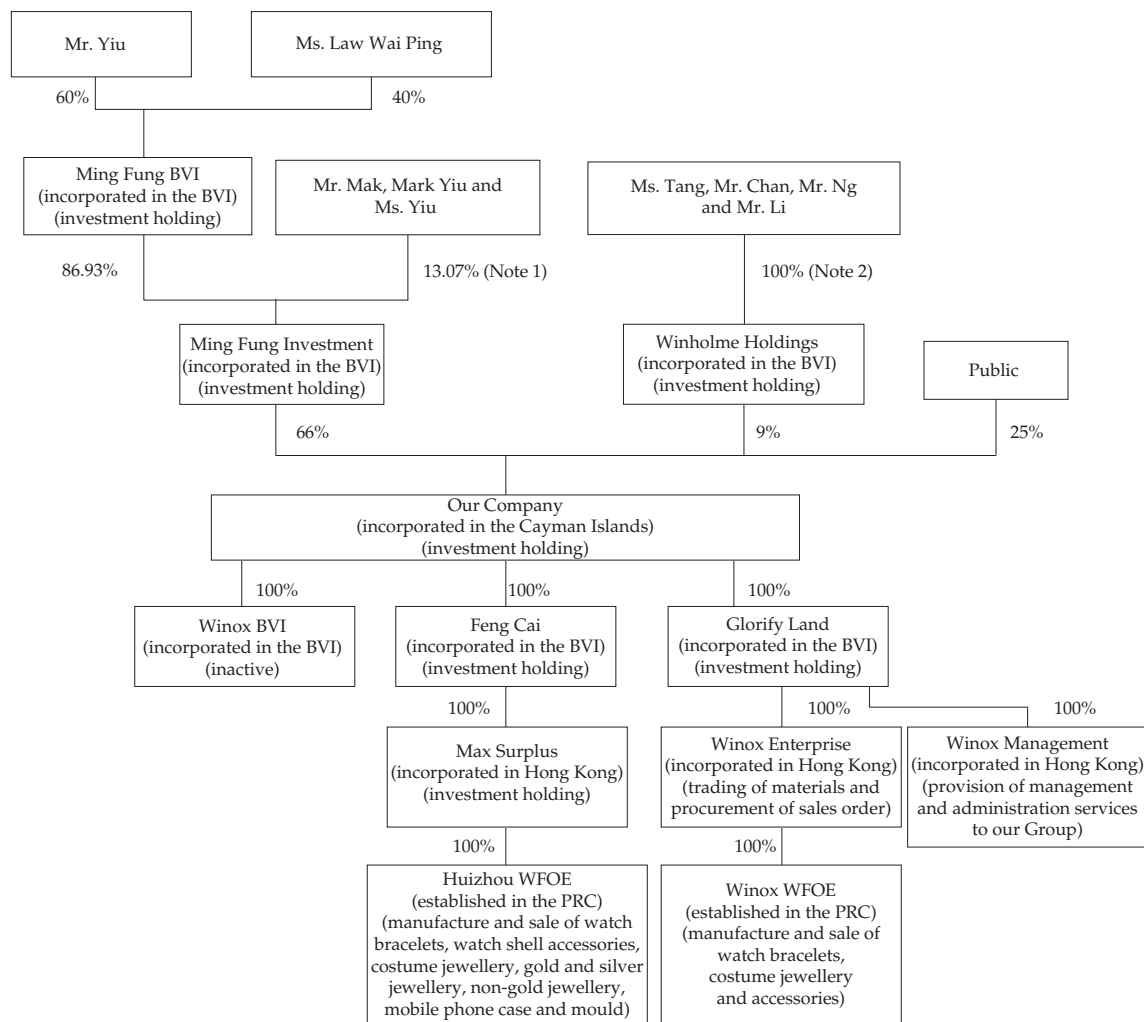


Notes:

1. Mr. Mak, Mark Yiu and Ms. Yiu hold about 8.52%, 2.27% and 2.27%, respectively of the issued shares in Ming Fung Investment.
2. Ms. Tang, Mr. Chan, Mr. Ng and Mr. Li hold about 41.67%, 33.33%, 16.67% and 8.33%, respectively of the issued shares in Winholme Holdings.

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Immediately following the completion of the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme):



Notes:

1. Mr. Mak, Mark Yiu and Ms. Yiu hold about 8.52%, 2.27% and 2.27%, respectively of the issued shares in Ming Fung Investment.
2. Ms. Tang, Mr. Chan, Mr. Ng and Mr. Li hold about 41.67%, 33.33%, 16.67% and 8.33%, respectively of the issued shares in Winholme Holdings.

As advised by our PRC legal advisers, the approvals from China Securities Regulatory Commission (中國證券監督管理委員會) or other relevant PRC governmental authorities are not necessary for the Reorganisation, and the Rules on the Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) in the PRC is not applicable to the Reorganisation and the Company's Listing. To its best knowledge, and saved for the registration procedures in the local industry and commerce authority in relation to the transfer by Max Surplus of the entire equity interests in Yingxinfeng WFOE to a company owned by the Controlling Shareholders, our Group has obtained all relevant necessary approvals in the PRC regarding the Reorganisation and the Listing. Since Yingxinfeng WFOE was only established in December 2010 and has not commenced any business operations, no material impact on our Group is expected in the event that the approvals relating to the transfer of equity interests in Yingxinfeng WFOE cannot be obtained.

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OVERVIEW

We are a stainless steel products manufacturer principally engaged in the development and manufacture of stainless steel watch bracelets, costume jewellery and accessories for our customers on OEM basis. Based on the Synovate Report, our market share of the global stainless steel watch bracelet market for brands of watches which have an average retail price of HK\$10,000 or above was about 9.6% in 2010. Our customers are mainly intermediary agents of internationally renowned brands, as well as some brand owners with headquarters mainly based in Europe (such as Switzerland and Italy). With our production and development capabilities, we are capable to offer a comprehensive production solution to our customers by improving on our customers' conceptual, two-dimensional drawings from the technical, engineering aspects taking into account the properties of Grade 316L stainless steel for the purposes of creating sketches, prototypes, samples and the eventual mass production model for our customers based on their initial design. Our core management team possesses more than 20 years of experience in this industry.

The manufacture and sale of stainless steel watch bracelets had been our business focus during the Track Record Period. The manufacture and sale of stainless steel watch bracelets contributed more than 70% of our total turnover during the Track Record Period. During the Track Record Period, we manufactured about 1.0 million, 0.6 million and 1.2 million watch bracelets for each of the years ended 31 December 2008, 2009 and 2010, respectively.

With a core management team which possesses more than 20 years of experience and technical knowledge in handling stainless steel materials and product design, since 2004, we expanded our product portfolio to include costume jewellery such as earrings, rings, pendants, necklaces, bracelets and cufflinks and by 2007 our product portfolio had expanded to cover accessories such as bag accessories and by 2009, leather belt buckles.

In order to leverage on our experience in the industry to capture the growing market demand for stainless steel products and manufacturing capacities, and to broaden our products portfolio, in June 2011, we have also commenced trial production of stainless steel mobile phone cases, and plan to commence the commercial production thereat in the third quarter of 2011. As at the Latest Practicable Date, we had entered into a master agreement with one mobile phone manufacturer for manufacture of stainless steel mobile phone cases. However, we have only received sales orders for trial production and we had not yet generated any turnover from our stainless steel mobile phone cases business up to the Latest Practicable Date.

Set out below is an analysis of our sales by product category during the Track Record Period:

	For the year ended 31 December					
	2008		2009		2010	
	Turnover	Percentage of total turnover	Turnover	Percentage of total turnover	Turnover	Percentage of total turnover
	HK\$ million		HK\$ million		HK\$ million	
Watch bracelet	242.4	74.7%	180.8	70.4%	308.0	77.3%
Costume jewellery	76.8	23.6%	67.5	26.3%	69.5	17.4%
Accessories	5.4	1.7%	8.6	3.3%	21.1	5.3%
Total	324.6	100.0%	256.9	100.0%	398.6	100.0%

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Our customers include intermediary agents of brand owners of internationally renowned brands of watch, costume jewellery and luxury products, such as Winox S.A., UVW Limited and Maillor S.A., who are Independent Third Parties, our brand owner customers and manufacturer(s) of mobile phones. We have long business relationship with such intermediary agents and/or brand owner customers, some of which for over 10 years. With our production and development capabilities, refined manufacturing techniques, commitment to product quality and quality management system, we have been able to maintain our relationship with our customers and cater to our customers' needs with reliable quality standard, flexibility in design and manufacturing process, competitive pricing and on-time delivery. During each of the year ended 31 December 2008, 2009 and 2010, sales to our top five customers accounted for about 95.7%, 91.7% and 86.6% of our total turnover, respectively. Two of these customers have been maintaining business relationships with us since our establishment in 1999. The table below sets forth an analysis of our sales by customer type during the Track Record Period:

	For the year ended 31 December		
	2008	2009	2010
	Percentage of total turnover	Percentage of total turnover	Percentage of total turnover
Intermediary agents	84.7%	77.3%	75.7%
Brand owners	15.3%	22.7%	24.3%
Total	100.0%	100.0%	100.0%

In each of 2008, 2009 and 2010, a significant portion of our turnover was derived from sales to customers located in Switzerland representing about 78.6%, 84.1% and 71.4% of our total turnover of the respective year. The following table sets forth, for the periods indicated, the percentage breakdown of our turnover categorised by geographical locations of our customers.

	For the year ended 31 December						
	2008		2009		2010		
	Turnover	Percentage of turnover	Turnover	Percentage of turnover	Turnover	Percentage of turnover	
	HK\$'million			HK\$'million		HK\$'million	
Switzerland	255.0	78.6%	216.0	84.1%	284.6	71.4%	
Hong Kong	56.6	17.4%	30.7	11.9%	69.8	17.5%	
Other European and Asian countries	13.0	4.0%	10.2	4.0%	44.2	11.1%	
Total	324.6	100.0%	256.9	100.0%	398.6	100.0%	

As at the Latest Practicable Date, we operated two production facilities in the PRC, namely the Dalang Factory and the Dongfengcun Factory. Our Dalang Factory is located in Dalang Town, Dongguan, Guangdong Province of the PRC, with an aggregate site area of about 59,009 sq.m. and 15 buildings erected thereon, comprising factory buildings, warehouse, staff quarters, training centre and other ancillary buildings with an aggregate

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gross floor area of about 46,380 sq.m. Our Dalang Factory is principally responsible for the development and manufacture of our stainless steel watch bracelet, costume jewellery and accessories, with a workforce of more than 3,000 employees as at 31 December 2010. Our Dongfengcun Factory is located in Dongfengcun, Boluo County, Huizhou, Guangdong Province of the PRC with an aggregate site area of about 6,666 sq.m. and four buildings erected thereon, comprising one factory building, two ancillary buildings and one electricity room with an aggregate gross floor area of about 3,730 sq.m. As at the Latest Practicable Date, our Dongfengcun Factory had a workforce of about 90 employees for the production of stainless steel mobile phone cases. Our Dongfengcun Factory has been leased by us since May 2011 for temporary production use pending completion of the planned development of our own production facilities at Huzhen, Huizhou, further details of which are set out in the paragraph headed “Business strategies – Expansion of production capacity” below.

Stainless steel is a naturally hard, corrosive-resistant, tarnish-resistant, durable and fully recyclable material. Its aesthetic, metallic sheen makes it a versatile alternative to other materials for production of watch bracelets, jewellery and other luxury products. The anti-allergic property of stainless steel also makes it suitable for use as production materials for watch bracelets and jewellery as it renders relatively lower risk to human health even after prolonged contact with human skin. Given its resistance to corrosion and tarnish, stainless steel products can be easily cleaned without the needs of using special chemical cleaners, and require less maintenance such as polishing. Coupled with the application of the PVD coating technique which involves purely physical processes, we are able to coat our stainless steel products with different materials (such as gold) to give different colours and combination of materials according to the product designs, with improved adhesion of the coated materials to our products which, as compared with that produced through the traditional electroplating process, makes such coating more resistant from scratches. As compared with the traditional electroplating process which is generally required for production of copper-based products for either colouring or anti-corrosion purposes, the PVD coating technique does not involve the use and disposal of harmful chemicals and therefore is more environmentally friendly. Given the above properties of stainless steel, our Directors expect that stainless steel is becoming more common as a base material for watch bracelets, costume jewellery and accessories such as leather belt buckles, and also in mobile phone cases and other consumer products. Our Directors consider that there is keen demand for manufacturing capacities in the PRC with the necessary processing techniques and quality management system for stainless steel materials from customers who have stringent demand on product quality and timely delivery. Our Directors take the view that there is vast development potential for the stainless steel specialised OEM industry in the PRC. Please refer to the “Industry overview” section of this prospectus for further details in relation to the industry in which we operate.

During the Track Record Period, we have maintained CAGRs of about 10.8% and 21.6% in respect of our turnover and net profit respectively, and our Group achieved gross profit margins of about 37.6%, 38.8% and 42.8% for each of the three years ended 31 December 2010, respectively. Our Directors consider that such growth in turnover (which exceeds the industry average) and net profit and the relatively high gross profit margins achieved by us during the Track Record Period were attributable to our continued success

in maintaining our product quality at reasonable costs for satisfying our customers' requirements. It also demonstrates our success in capturing the business opportunities with our extensive experience and strong market position in the stainless steel watch bracelet manufacturing industry for internationally renowned brands, and our dedication to product quality and new production techniques and processes development.

COMPETITIVE STRENGTHS

We attribute our success to the following key competitive strengths:

Long term business relationships with our customers and our ability to develop new customers

We have had long business relationship with our customers, some of which we have been collaborating with for over 10 years. With our production and development capabilities, refined manufacturing techniques and processes and quality management system, we are able to maintain our relationship with our customers and cater to their demands with reliable quality standard, flexibility in design and manufacturing process, competitive pricing and on-time delivery. During each of the year ended 31 December 2008, 2009 and 2010, sales to our top five customers accounted for about 95.7%, 91.7% and 86.6% of our total turnover, respectively. Two of these customers, namely Winox S.A. and UVW Limited, have been maintaining business relationships with us since our establishment in 1999.

Other than a solid customer base with long relationship with us, we are also able to develop selected new customers in pursuit of our growth strategy focusing on the market of stainless steel watch bracelets, costume jewellery and accessories for internationally renowned brands, and develop new product categories based on our expertise in handling stainless steel materials and product designs.

Ability to offer comprehensive product development and manufacturing solutions

With our production and development capabilities, we are capable to offer a comprehensive product development and manufacturing solution to our customers by developing and producing the final products based on our customers' two-dimensional, conceptual drawings for eventual mass production. This enhances the production efficiency of our products, shortens the rollout time for new products and enable stringent cost and quality control throughout the process on one hand, and secures the continuous orders for the production of our products on the other hand.

We have close working relationship with our customers, and maintain ongoing dialogues with them, from the product design and development stage to production phase and product delivery. Representatives from our customers visit our production facilities from time to time to assess our production progress and perform quality control inspection at our production lines and on ordered products. We receive up-to-date information regarding some of our customers' product development plans and planned production orders for the coming seasons, which is essential for our production planning.

In addition to product warranty services such as repair, refurbishment or replacement of products, we also provide after-sales services to our customers at their request by manufacturing discontinued models in small batches.

Refined quality management system and high quality products

Our products are supplied to customers of or for internationally renowned brands with headquarters mainly based in Europe (such as Switzerland and Italy), who have stringent requirements in respect of our manufacturing technique and processes, product quality, product safety and labour conditions. Our products are also required to comply with European standards on the use of chemicals and materials, such as REACH and RoHS. With our years of business relationship with our customers, and over 10 years of experience in the industry, we are experienced and have the expertise and manufacturing capabilities to meet our customers' stringent production requirements and delivery schedules and statutory product safety requirements.

Product quality is one of the key concerns of our customers. We have in place established quality control system and procedures for procurement of our production materials, consumables and component parts which are used in our manufacturing processes, and quality control inspection is performed at different stages of the manufacturing process and on our finished products to ensure the quality of our products. We also have our own test laboratory and equipment at our Dalang Factory for tests on some of our production materials and on our finished products. During the Track Record Period, we have maintained a relatively low product return rate, with an average product return rate (in terms of volume) in respect of our stainless steel watch bracelet products of about 0.1%, 0.3% and 0.2% and that for our stainless steel costume jewellery and accessories of about 0.4%, 0.3% and 0.4%, for each of the years ended 31 December 2008, 2009 and 2010 respectively. Our Directors consider that our low product return rate is a key contributing factor for our long and sustained business relationship with our customers, and as a result, our Group achieved gross profit margin of about 37.6%, 38.8% and 42.8% for each of the three years ended 31 December 2010, respectively.

Refined manufacturing techniques and processes in handling stainless steel materials

We have over 10 years of experience in manufacturing stainless steel watch bracelets with our own product development and research and development capabilities, and our core production management team members have on average over 20 years of experience in the industry. With our years of experience in handling stainless steel materials, we have developed and refined our manufacturing techniques and processes. We believe that maintaining our technical and manufacturing standard is a key to remain competitive in the industry. In particular, our Directors consider that our polishing techniques for stainless steel materials are one of our key competitive edge over our competitors in the world, and we are capable of handling different kinds of polishing process for our customers to maximize production flexibility and product quality. Accordingly, we have established our own research and development function. In 2004, we began to research and develop our own semi-automatic polishing techniques for stainless steel materials by coupling purchased machinery with our technical knowhow, which were put into production use in 2006 for our polishing processes.

We are committed to enhancing our manufacturing standards and capability. We introduced automation technologies and machinery such as CNC and dual hole drilling machines in our manufacturing processes, with the aim of enhancing our production efficiency and technical standard, flexibility to product design, and consistency of product

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quality. We had invested in aggregate HK\$5.9 million, HK\$5.2 million and HK\$22.7 million in the purchase of new production machinery during each of the years ended 31 December 2008, 2009 and 2010, respectively.

We believe that our long experience in the handling and processing of stainless steel materials and our commitment to invest in machinery and improving our manufacturing techniques enables us to stay competitive in the industry and maintain long term relationship with our customers.

Experienced management team with a proven track record

Our core management team is led by our founder and Chairman, Mr. Yiu, who has over 27 years of experience in the metal products manufacturing industry. Such experience has enhanced his knowledge and understanding of the watch bracelet industry and in turn, contributed to his rich experience in providing manufacturing solutions for use of stainless steel in products to our customers and led to expansion of our product category to include costume jewellery and accessories products. Several senior management staff, including Mr. Li, the chief executive officer of our Company and the general manager of Winox Enterprise and Winox WFOE and is in charge of the overall managerial work of our Group, Mr. Chan, the Head of Factory (Division B) of Winox Enterprise and Winox WFOE, Mr. Ng Kam Tung, Head of Factory (Division A – Production) of Winox Enterprise and Winox WFOE, Mr. Wong Wing Yin, the Head of Operations of Winox Enterprise and Winox WFOE and Mr. Lam Man Wai, the Head of Research and Development of Winox Enterprise and Winox WFOE, have been with us or in the industry for an average of over 20 years.

We believe that our management team's in-depth knowledge of the OEM business of manufacturing stainless steel watch bracelets, costume jewellery and accessories products can enable us to respond efficiently to various challenges from the changing market conditions. We believe that the knowledge, skill and experience of our senior management team are crucial to the future development of our Group.

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With our proven track record, our Directors believe that our Group is well-positioned to further develop our business as an original equipment manufacturer specialising in manufacturing stainless steel products, in particular stainless steel watch bracelets, costume jewellery and accessories, for our customers based on their design and specifications and to capture new business opportunities. We aim to continue to establish our market presence in the industry and expand our product category to capture growth in the market. To achieve this, we plan to continue to capitalise on opportunities to leverage our competitive strengths and implement our business strategies as follows:

Strengthen and expand our customer base

We plan to strengthen our relations with our customers through continued collaboration in product development and product quality management. Our sales and marketing team regularly visit our customers to obtain information on their planned production orders, market trends and their product development plans and to provide them with information on new production techniques and materials, while our customers

also visit our Dalang Factory and our offices from time to time to inspect our production lines and production processes at their different manufacturing stages. We believe that our close relationship with our customers is key to maintaining and strengthening our customer base.

We also plan to expand our customer base by targeting suitable customers and proactively approaching them for business opportunities, including through contacting them through the internet, referrals from our existing customers, visiting their offices and attending industry trade fairs. In line with our customer base of intermediary agents for owners of internationally renowned brands and the brand owners of such brands with headquarters mainly based in Europe, instead of lowering our product prices to attract new customers who place emphasis on cost control, we currently intend to target internationally renowned brand owners, have significant business turnover and good credit record, and with a focus on product quality.

Broaden our products portfolio

Given the qualities of stainless steel as a naturally hard, corrosive-resistant, tarnish-resistant, durable and environmentally friendly material, coupled with its aesthetic and metallic sheen making it a versatile alternative to other materials for production of watch bracelets, jewellery and other luxury products (or their components), and with relatively low risk to human health even after prolonged contact with human skin, our Directors believe that stainless steel is becoming more common as a base material for watch bracelets, costume jewellery and accessories products (or their components) such as leather belt buckles, and also in mobile phone cases or other luxury consumer products, replacing metallic materials that require additional production processes which generate pollution (for instance, electroplating process is required for copper to have a polished shiny effect). Our Directors consider that there is keen demand for stainless steel products manufacturing capacities in the world with the necessary processing techniques and quality management system for stainless steel materials, especially from customers who have concerns over the ecological impact of the production processes on the environment. We plan to leverage on our experience to capture the growing market demand for stainless steel products and manufacturing capacities. According to the Synovate Report, it is expected that the global demand for usage of stainless steel in costume jewellery, accessories and mobile phone cases will increase at a faster pace than that for watch bracelets in the near future. We currently intend to put our focus of development on our stainless steel costume jewellery and accessories by setting aside particular production line for these two products at our Dalang Factory and the future Huzhen Factory and expand our product category to include other stainless steel products, such as stainless steel cases for mobile phones.

As our production lines are adjustable to accommodate the production of different products depending on our production needs, by diversifying our product portfolio, we will be in a better position to adjust our business development strategies to cater for, and to capture business opportunities arising from, any change in market demand or preference of different products.

Expansion of production capacity

Our Directors believe that stainless steel is becoming more common as a base material for accessories such as leather belt buckles and mobile phone cases. According to the Synovate Report, it is expected that the global demand for usage of stainless steel in costume jewellery, accessories and mobile phone cases will increase at a faster pace than that in watch bracelets in the near future. We consider that this trend represents an opportunity for us to capture market demand and business growth, broaden our product portfolio and diversify our income source.

We consider that our Group's existing production capacity may not be sufficient to cater for our Group's expansion needs as a result of business growth and planned expansion of our Group's products portfolio as part of our business strategies. To ensure that our Group is in a position to capture market demand and business growth as outlined in the section headed "Industry overview — Growth and application of stainless steel in the global luxury products market" and "Industry overview — Application of stainless steel in mobile phone cases", as well as "Business – Business strategies" of this prospectus, we consider it necessary to expand the Group's production capacity.

Accordingly, in June 2011, we commenced the operation of our Dongfengcun Factory at Dongfengcun, Boluo County, Huizhou, Guangdong Province of the PRC with an aggregate site area of about 6,666 sq.m. and four buildings, comprising one factory buildings, two ancillary buildings and one electricity room, with an aggregate gross floor area of about 3,730 sq.m. As at the Latest Practicable Date, our Dongfengcun Factory housed a workforce of about 90 employees for the production of stainless steel mobile phone cases. Please refer to the paragraph headed "Manufacturing facilities and machinery" in this section for the basis of the calculations of our production capacity. Our Dongfengcun Factory has been leased by us for temporary production use.

As at 30 April 2011, the total costs incurred in relation to acquisition of equipment and machinery for the Dongfengcun Factory amounted to about RMB8.9 million (equivalent to about HK\$10.5 million). It is currently expected that total capital expenditure for acquisition of equipment and machinery for the Dongfengcun Factory would amount to about HK\$137 million, which we currently intend to finance mostly by the net proceeds from the Share Offer. As detailed in the section headed "Future plans and use of proceeds from the Share Offer" of this prospectus, we currently intend to use 65% of the net proceeds, or about HK\$169.7 million based on the assumption that the Over-allotment Option is not exercised and an Offer Price of HK\$2.37 per Share, to acquire equipment and machinery for the Dongfengcun Factory and the Huzhen Factory. Should there be a shortfall between the actual amount incurred and the net proceeds allocated for such acquisition, we will finance the shortfall by our Group's internal resources, funds generated from our business operations from time to time and/or bank borrowings.

We intend to establish a new production plant at Huzhen, Huizhou for the manufacturing of stainless steel costume jewellery, accessories and mobile phone cases, to be completed by stages. We currently plan to complete our initial stage of construction of production facilities for the production of initially stainless steel costume jewellery, accessories and mobile phone case by end of 2012, with planned production facilities of gross floor areas of about 4,500 sq. m. Based on one of the top costume jewellery and accessory products produced by us in their respective product category during the year ended 31 December 2010 and our estimation of the processes and time involved in the

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production of mobile phone cases, and assuming that our production lines would be operating for 19 hours per day (for mobile phone cases production) or 8.5 hours per day (for costume jewellery and accessories production) and 26 days per month for that single product only, the planned production capacity of Huzhen Factory would be about 2.4 million necklace or 5.0 million bag accessories and 0.5 million mobile phone cases. Upon completion of the initial stage of the Huzhen Factory, we will conduct further feasibility study on the further expansion scale, capital expenditure, financing arrangements and the completion schedule, with present target to complete of the establishment of the entire Huzhen Factory with gross floor areas of about 67,000 sq. m. together with the other dormitory and other ancillary facilities by end of 2015.

It is our plan to relocate the operation of the Dongfengcun Factory and disperse part of our manufacturing operation for costume jewellery and accessories at the Dalang Factory to the Huzhen Factory after completion of the initial stage of construction of the Huzhen Factory. No relocation costs is currently expected to incur in respect of the dispersion of part of our manufacturing operation for costume jewellery and accessories at the Dalang Factory to the Huzhen Factory as the dispersion will be effected by assigning new production orders to the Huzhen Factory and no physical relocation of machinery, materials and/or staff from the Dalang Factory to the Huzhen Factory will be involved. We currently expect that the cost for the above relocation of the Dongfengcun Factory would amount to less than RMB1 million.

As at the Latest Practicable Date, we have not acquired or entered into agreement to acquire the ownership of any land in Huzhen, Huizhou. The size and exact plot(s) of the land which the Group intends to acquire for the establishment of the Huzhen Factory have not been determined. Nevertheless, we have obtained the operating rights (土地承包經營權) in respect of five parcels of land in the Huzhen Site, which are village-collectively-owned land for husbandry uses with an aggregate site area of about 697,666.67 sq.m. in January 2010 from two Independent Third Parties with a view to enhancing our chances of acquiring and obtaining the land use rights over all or part of that land in the future for the purpose of constructing the Huzhen Factory thereon. Please refer to the paragraph headed "Properties – Leased properties and the operating rights of land" below for details of the arrangement. As confirmed by the Boluo Huzhen People's Government (a competent authority to coordinate with the relevant bureau for the grant of the requisite construction land quota to the Group, as advised by our Company's legal advisers as to PRC laws) in November 2010, it had agreed to use its endeavours to coordinate with the relevant land bureau for the grant to us of the requisite construction land quota (建設用地指標) for the acquisition of land in Huzhen for an area of initially 300 mu (equivalent to about 200,000 sq. m.) by end of 2011, and for an area of 700 mu (equivalent to about 466,667 sq. m.) by end of 2013. The Boluo Huzhen People's Government has also confirmed to us in March 2011 that it will use its best endeavours to procure that an area of 300 mu (equivalent to about 200,000 sq.m.) at the Huzhen Site will be made available for development purpose after compliance with the applicable approval (for land expropriation and conversion of usage) and auction procedures. As advised by our PRC legal advisers, Boluo Huzhen People's Government has the function of drawing up the overall plan of land utilisation and determining the scale of the construction land in Huzhen region, which are one of the reference factors for the newly-increased construction land plan quota in the land utilisation annual plan by the relevant land bureau of Boluo County. Boluo Huzhen People's Government also has the rights to coordinate with the relevant land bureau of Boluo County for the grant of requisite land quota to the Group, but is not able to make final decisions to the land quota

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affairs. However, there is no assurance that we will be able to acquire all or any part of that land or any other suitable land in Huzhen for the construction of the Huzhen Factory and, as advised by our PRC legal advisers, we will need to overcome all the potential legal obstacles and complete certain legal procedures to acquire the land use rights of the land for the intended use. Please refer to the section headed “Risk factors – Risks relating to our Group – We face various legal obstacles and procedures with respect to our future plans for our Huzhen Factory” in this prospectus.

As at 30 April 2011, the total costs incurred in relation to the planned Huzhen Factory amounted to about RMB17.7 million (equivalent to about HK\$20.8 million), comprising (i) our costs for obtaining the operating rights of land (土地承包經營權) for the Huzhen Site of about RMB15.9 million (equivalent to about HK\$18.7 million) comprising of RMB14.0 million out of the RMB16.3 million land operation rights consideration and about RMB1.9 million of other related prepayment and duties which had been paid and (ii) construction costs amounting to about RMB1.8 million (equivalent to about HK\$2.1 million). It is currently expected that the initial phase of the Huzhen Factory will involve total capital expenditure of about HK\$180 million involving the following: (1) machinery costs of about HK\$83 million; (2) land costs of about HK\$48 million; and (3) construction costs of about HK\$49 million. We currently expect to further review our expansion plan upon completion of the initial stage of the Huzhen Factory and determine the scale of further expansions and the capital expenditure involved.

The costs for establishment of the Huzhen Factory are currently expected to be financed by the net proceeds to be received by us from the Share Offer, our Group’s internal resources, funds generated from our business operations from time to time and/or bank borrowings. We currently intend to fund our costs for the initial phase of the development of the Huzhen Factory mostly by the net proceeds from the Share Offer. As detailed in the section headed “Future plans and use of proceeds from the Share Offer” of this prospectus, we currently intend to use 65% of the net proceeds, or about HK\$169.7 million based on the assumption that the Over-allotment Option is not exercised and an Offer Price of HK\$2.37 per Share, to acquire equipment and machinery for the Dongfengcun Factory and the Huzhen Factory, and use 25% of the net proceeds, or about HK\$65.3 million based on the assumption that the Over-allotment Option is not exercised and an Offer Price of HK\$2.37 per Share, to finance the development of the Huzhen Factory. Should there be a shortfall between the actual amount incurred and the net proceeds allocated for such acquisition and/or factory development, we will finance the shortfall by our Group’s internal resources, funds generated from our business operation from time to time and/or bank borrowings.

Subject to and after the permitted land use of the Huzhen Site being converted from agricultural land uses to industrial land uses by the local land administration authorities or the provincial government authorities, we currently intend to submit the relevant land auction proposal to the local government authorities, and expect that the land auction would be conducted by the end of 2011 or early 2012, and thereby we may obtain the certificate for the use of state-owned land (國有土地使用證) of the Huzhen Site after going through public auction processes.

In the event that our Group is unable to overcome the legal obstacles and complete the legal procedures for acquiring the land use rights of the Huzhen Site for the intended use, our Group currently intends to (i) locate alternative suitable site in Huzhen, Boluo

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County, Huizhou, Guangdong Province, the PRC for the establishment of the Huzhen Factory; (ii) continue to lease the Dongfengcun Factory for the production of stainless steel mobile phone cases; and/or (iii) lease suitable factory building(s) in Dongguan or Huizhou, Guangdong Province, the PRC for the production of costume jewellery, accessories and mobile phone cases.

In addition, we also seek to expand our production capacity at our existing manufacturing facility at Dongguan by (1) investing in manufacturing machinery such as CNC machines, (2) enhancing production efficiency and techniques through staff training and greater utilisation of automation techniques in production processes and (3) recruiting additional production staff.

We believe that by expanding our production capacity, we will be able to capture demand for key products in the market, maintain growth momentum for our business, be more flexible in meeting production targets and delivery schedule of our customers and diversify our income source.

Following our plan to expand our production capacity, our Directors currently expect that our Group will maintain our pricing, credit and customers policies as outlined below:

- (A) Pricing policy – We adopt the same cost plus basis when we develop the quotations for our customers. A largely similar margin is added to the estimated cost of productions of our products, based on the bills of materials of each of our products regardless of the product category.
- (B) Credit policy – In general, we require our customers to settle our invoices within 30 to 90 days after delivery. We currently expect to maintain our credit policy following our expansion plans as outlined above.
- (C) Customers policy – Brand owners, their agents and manufacturers of internationally renowned brands of stainless steel products, having significant business turnover and good credit record, and with a focus on product quality are our target customers.

Our Directors currently expect that we will continue to adopt our pricing, credit and customers policies notwithstanding our planned expansion into production of our stainless steel mobile phone cases. Hence, in the first year of production and apart from the expected increase in our revenue and profit attributable to such expansion, we do not expect that such expansion will materially affect our profitability in terms of overall gross profit margins of our products, working capital structure and business risk profiles, or lead to any material changes to our business management in respect of its sales and marketing, supply chain management, product quality control or human resources management.

Stringent quality control to maintain product quality

Our customers include intermediary agents of brand owners of internationally renowned brands of watch, costume jewellery and luxury products, brand owners of such brands who are our direct customers and a manufacturer of mobile phones who place emphasis on product quality. In accordance with our business model to focus on the

high-end market and customers who are internationally renowned brands with focus on product quality, we maintain and perform quality control procedures for components and production materials and for sub-contracted out work such as the PVD coating and the electroplating on component parts. Our customers, including intermediary agents who act on behalf of the relevant brand owners, visit our production facilities from time to time and perform on-site quality control inspection at different stages in the manufacturing process of their ordered products. We also have independent quality control procedures for inspection and monitoring and attempt to identify defects at early stages of production. Our quality management system has been ISO9001: 2008 certified in recognition of our established standards and guidelines in our business processes. As a result, during the Track Record Period, we had maintained a relatively low product return rate. Please refer to the paragraph headed "Quality control and assurance" below for further details of our quality control measures. We believe that our stringent quality control measures and close working relationship with customers is a key contributing factor to maintaining our product quality and our long relationship with our customers.

We intend to continue to optimise our quality control system and perform stringent quality control measures in all aspects of our production flow to ensure that our products will continue to meet our customers' requirements. We also believe that maintaining our product quality will help sustain our market reputation. We also take the view that by maintaining product quality, we can further reduce the return rate of our products and reduce the costs of our after sales warranty services for products, which in turn reduces our overall costs of production and increases our profit margin.

Focus on staff welfare and labour relations

We strive to adhere strictly to statutory employment standards and those requested by our customers, such as wages and working hours, and maintain appropriate internal standards and workplace practices. We believe that by maintaining appropriate working conditions in our operations and providing reasonable staff welfare for our employees, we can achieve higher production efficiency, better maintain product quality, and fulfill the contractual requirements of our customers as regards labour conditions in our manufacturing operations.

We have been accredited with SA8000: 2008, which is an international standardised code of conduct on working conditions, in January 2008. We are among the about 349 companies in the PRC to be SA8000: 2008 certified as of 31 December 2010, which signifies our commitment to corporate social responsibility and our focus on staff development and welfare. We believe that our SA8000: 2008 accreditation status is positive to our corporate image and will facilitate our business development among internationally renowned brands as responsible employer.

Our management takes note that there is increasing difficulty in recruiting and retaining staff among labour-intensive enterprises in Guangdong Province of the PRC, in particular in Dongguan where our manufacturing facilities locate. We believe that the working environment and benefits offered to our Group's employees have contributed to building good staff relations and retention notwithstanding the perceived labour shortage among local enterprises in Guangdong Province of the PRC. Our employees turnover rate was at an average of about 7.3% for the year ended 31 December 2010. We also believe that by maintaining good labour relations, we can reduce the risks of potential labour dispute and consequent disruption to production, and we will be in a better position to retain and seek talents in the market to sustain our business development.

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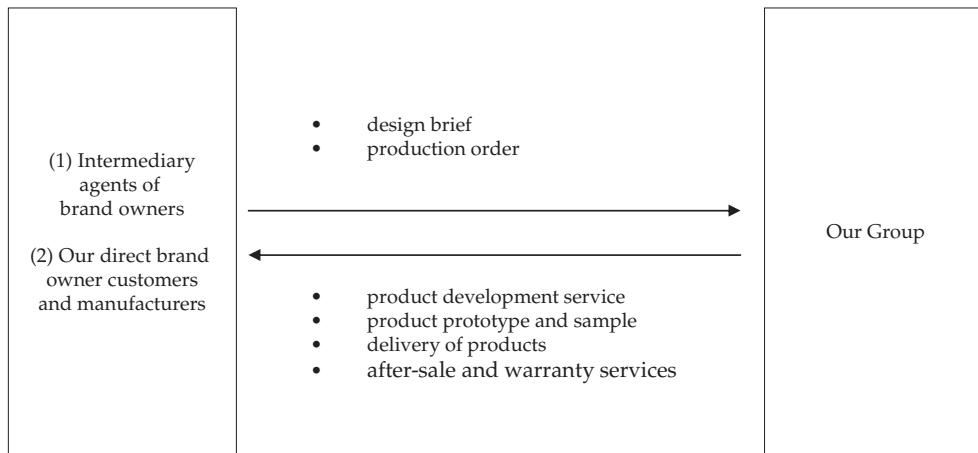
BUSINESS MODEL

We are principally engaged in the development and manufacture of stainless steel products on OEM basis. We manufacture stainless steel watch bracelets, costume jewellery, and accessories for internationally renowned brands with headquarters mainly based in Europe (such as Switzerland and Italy). With our production and development capabilities, we are capable to offer a comprehensive product development and manufacturing solution to our customers by developing and producing the final products based on our customers' two-dimensional, conceptual drawings for eventual mass production.

Our customers mainly include intermediary agents of brand owners of internationally renamed brands of watch, costume jewellery and luxury products and brand owners of such brands who are our direct customers. We are engaged by our customers through production orders to manufacture watch bracelet, costume jewellery, accessories products for internationally renowned brands based on the design and requirements of our customers, such as in respect of material, technical standard, labour conditions and product safety. Production orders are issued by either the authorised intermediary agents of brand owners or by brand owners directly to us in respect of the production of a specific or series of models of product. We are authorised and licensed to use the trademarks, logos, designs and other intellectual properties of the brand owners for the production of our products.

In June 2011, we commenced trial production of stainless steel mobile phone cases for one manufacturer of mobile phones, who directly engaged us through production orders based on a master agreement. We plan to commence commercial production of stainless steel mobile phone cases at Dongfengcun Factory in the third quarter of 2011.

The diagram below illustrates our relationship with (1) intermediary agents of brand owners and (2) our direct brand owner customers and manufacturers.



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OUR PRODUCTS

We manufacture stainless steel watch bracelets, costume jewellery and accessories such as leather belt buckles, earrings, rings, pendants and cufflinks for our customers based on their design and specifications. We also commenced the trial production of stainless steel mobile phone cases in June 2011, and expect to start commercial production thereof in the third quarter of 2011. Other than stainless steel, we also utilise ceramics, resin, crystals and other materials in our products depending on the product design and specifications of our customers.

During the Track Record Period, our watch bracelets, costume jewellery and accessories represented about 74.7%, 23.6% and 1.7% of our total turnover for the year ended 31 December 2008, about 70.4%, 26.3% and 3.3% of our total turnover for the year ended 31 December 2009, and about 77.3%, 17.4% and 5.3% of our total turnover for the year ended 31 December 2010, respectively. The table below sets forth the turnover and percentage of turnover attributed by each category of our products for each of the years ended 31 December 2008, 2009 and 2010.

	For the year ended 31 December					
	2008		2009		2010	
	Turnover	Percentage of total turnover	Turnover	Percentage of total turnover	Turnover	Percentage of total turnover
	HK\$ million		HK\$ million		HK\$ million	
Watch bracelet	242.4	74.7%	180.8	70.4%	308.0	77.3%
Costume jewellery	76.8	23.6%	67.5	26.3%	69.5	17.4%
Accessories	5.4	1.7%	8.6	3.3%	21.1	5.3%
Total	324.6	100.0%	256.9	100.0%	398.6	100.0%

Watch Bracelets

Watch bracelet is our principal product. We established our business by acquiring assets and equipments for the manufacturing of watch bracelets from an Independent Third Party manufacturer in 1999. We have been manufacturing watch bracelets for intermediary agents of brand owners of internationally renowned brands with headquarters mainly based in Europe for over 10 years. The manufacture and sale of stainless steel watch bracelets contributed more than 70% of our total turnover during the Track Record Period.

Our watch bracelet products are principally made of stainless steel and are supplied to internationally renowned brands. Based on the figures available from the Synovate Report, we have a market share of the global stainless steel watch bracelet market for brands of watches with an average retail price of HK\$10,000 or above of about 9.6% in 2010, with reference to the estimated global output value of stainless steel watch bracelets of these brands as compared with our sales of stainless steel watch bracelets manufactured during the year 2010. Depending on the design and specifications of our customers, materials such as gold, crystal stones and ceramics may be plated, inlayed or assembled

by us onto our watch bracelets. Based on the Synovate Report, there is a growing trend of using stainless steel as the material for watch bracelet among the luxury wrist watch brands on market.

Our turnover generated from sales of watch bracelets in 2008, 2009 and 2010 was about HK\$242.4 million, HK\$180.8 million and HK\$308.0 million respectively, representing a CAGR of about 12.7% from 2008 to 2010.

Costume jewellery

We manufacture costume jewellery for our customers since 2004. Our costume jewellery products are manufactured for and supplied to intermediary agents of brand owners of internationally renowned brands with headquarters mainly based in Europe and brand owners of such brands who are our direct customers. Our costume jewellery products include earrings, rings, pendants, necklace, bracelet and cufflinks. Stainless steel is the principal base material for our costume jewellery, but other materials such as leather, crystal stones, plastics, resin and gold may be assembled to the products depending on the design and specifications of our customers.

Our turnover generated from sales of costume jewellery in 2008, 2009 and 2010 was about HK\$76.8 million, HK\$67.5 million and HK\$69.5 million respectively, which was relatively stable during the Track Record Period. Nevertheless, according to the Synovate Report, there is growing market trend of using stainless steel as the material for costume jewellery in the market. Our Directors believe that such trend is attributable to the qualities of stainless steel as a durable and flexible material with relatively low risk to human health even after prolonged contact with human skin and that stainless steel material tends to be more environmental friendly for manufacturing purposes based on established European standards on the use of chemicals, such as REACH and RoHS, as compared with other materials such as copper. As a result, we take the view that there is vast potential for stainless steel as a substitute to materials such as copper and alloys for use in costume jewellery.

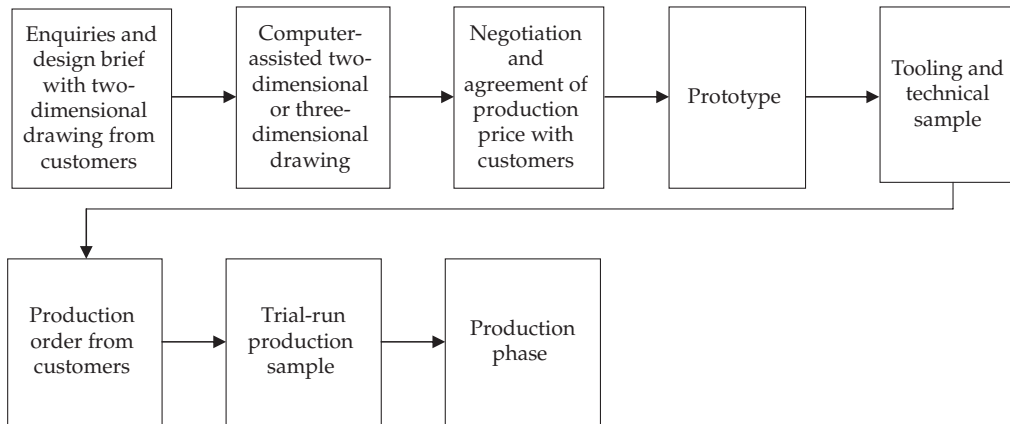
Accessories

We manufacture accessories for our customers since 2007. Our accessories are manufactured for and supplied to intermediary agents of brand owners of internationally renowned brands with headquarters mainly based in Europe and brand owners of such brands who are our direct customers. Our accessories include leather belt buckles and bag accessories. Stainless steel is the principal base material for our accessories products, and depending on our customers' product design and specifications, leather, crystal stones, resin, carbon fibre and gold may also be assembled to the product.

Our turnover generated from sales of accessories in 2008, 2009 and 2010 was about HK\$5.4 million, HK\$8.6 million and HK\$21.1 million respectively, representing a CAGR of about 98.1% from 2008 to 2010.

DESIGN AND DEVELOPMENT

With our production and development capabilities, we are capable to offer a comprehensive product development and manufacturing solution to our customers by developing and producing the final products based on our customers’ two-dimensional, conceptual drawings for eventual mass production. We are responsible for designing the structure of the products based on our customers’ conceptual, two dimensional drawings and the specification our customers provided us from the technical, engineering aspects taking into account the properties of Grade 316L stainless steel for the purposes of creating sketches, prototypes, samples and the eventual mass production model for our customers based on their initial design. The chart below sets forth a prototypical design and development cycle for a new model of our products.



Designs for our products are typically initiated and provided to us by our customers in two-dimensional drawing. Before a design is put into production, we design and develop a two-dimensional or three-dimensional sketch taking into account the details of the products such as structure and size based on the initial two-dimensional drawing provided by our customers using computer-aided design techniques. During our design process, we communicate closely with our customers to ensure that our two-dimensional or three-dimensional sketch is properly reflecting the idea behind the conceptual design of our customers after taking the structure, specification and production feasibilities into consideration. Based on our two-dimensional or three-dimensional sketch, we then estimate our production costs and enter into price negotiation with customers.

In the development process, the most important step is the creation of the working moulds and tools for production use and prototype (which is a preliminary sample or model built to demonstrate the intended design and visual appearance of the product) and technical sample (which is the final production design model fabricated by using the designed final production materials, using the requisite moulds and tooling and adopting the designed production processes that comply with the production requirements of the customer) of the product, which demands great skills based on extensive experience. Our working moulds and tools, which are used in the stamping and drilling processes, are unique for each product design. Our engineering and product development teams create our working moulds and tools for the specific product based on the two-dimensional or three-dimensional sketch and the production processes required for manufacturing the product.

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After exchanging ideas and working closely with our customer, our engineering and product development teams then select the correct materials for the products and specify the technical manufacturing processes and devise a product development plan to ensure that the product conforms with the design and standard of our customer and to maintain consistent product quality.

We subsequently prepare prototype and technical samples of the product for our customers. Based on our customer's feedback, we then prepare further samples to our customer for our customer's approval, and then proceed to trial-run production and then the production phase if production orders are placed with us by our customer.

The time required to complete the whole development process for our products generally varies according to the complexity of the product. The table below illustrates the respective typical product life and development time for our watch bracelet, costume jewellery and accessories products.

	Watch bracelet	Costume jewellery	Accessories
Product life	Over 5 years	Over 4 years	Over 3 years
Development time .	6-12 months	4-7 months	4-6 months

Note: Product life and development time for a specific model of product varies according to actual market conditions, our customer's requirements, and technical issues involved in the design and manufacturing of the product.

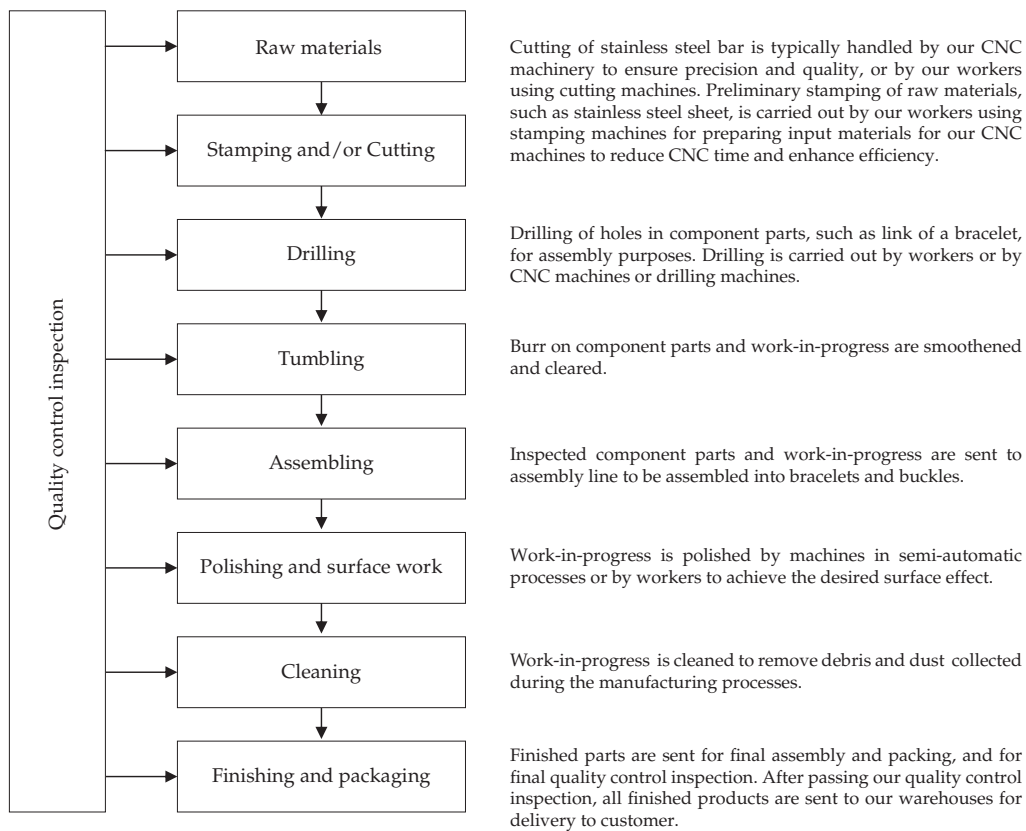
We generally bear all the costs relating to product design and development. Customers may be required to reimburse our costs such as tooling costs and sampling fees when they choose not to place production order with us after entering the production development stage or when additional tools or equipment are required for the manufacturing processes.

We do not typically file a patent for any design or moulds we produce. The three-dimensional drawings of products, based on our customers' two-dimensional drawings, and the logos, trademarks and other intellectual property rights that we utilise in our design and development processes and the moulds that we produce for our manufacturing purposes, are properties of our customers and we are bound by our confidentiality undertaking to our customers in relation to the use of such information or properties. In turn, we request our employees to enter into confidentiality agreements with us whereby they are required to keep all information, sketches, prototypes, know-how, techniques and processes developed by us or supplied by our customers in strict confidence. We have also adopted various documentary and information access and control procedures, including keeping computer access log of sensitive materials, safekeeping of all versions of these physical drawings in a secured dataroom and electronic versions thereof at secured computer servers, and restricted access thereof by designated members of our engineering and product development teams. During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance for breach of confidentiality and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group in relation to any alleged breach of confidentiality.

MANUFACTURING PROCESSES

Our watch bracelet, costume jewellery and accessories products are principally made of stainless steel. For details on the procurement and quality control on our production materials, please refer to the paragraph headed “Production materials and suppliers” below. While different products involve different designs, component parts, technical standard and production processes, the manufacturing processes involved in the production of our products typically involve the following major steps: (1) cutting and/or stamping; (2) drilling; (3) tumbling; (4) assembling; (5) polishing and surface work; (6) cleaning; and (7) finishing and packaging. Quality inspection is carried out at each of the major steps to ensure quality of our finished product.

The following flow chart is an illustration of the manufacturing processes typically involved in manufacturing our products including the major stages mentioned above:



Note: The chart above illustrates the major steps for a typical production flow only, and different models of products may involve different materials, components, specifications and designs which involve different manufacturing processes. Some models of product may involve out-sourced manufacturing processes.

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Some of our manufacturing processes are out-sourced to our sub-contractors with our customers' consent, such as electroplating. Our Group has also engaged sub-contractors for polishing and drilling holes in component parts before assembling during the Track Record Period. Our Group has set up our own production line for acid etching production processes, which are used to engrave trademark logos or generic marks on the Group's products. To satisfy production needs and to meet production schedule, our Group had outsourced some of the acid etching processes for engraving generic markings, such as "Stainless Steel" at the back of watch bracelets, to our sub-contractors during the Track Record Period. To better preserve the confidential identity of our Group's customers, our Group only conducts acid etching production processes for the engraving of trademarks and logos in-house. Our Group has also minimised the outsourcing of our acid etching production processes for engraving of generic markings so as to save costs and exercise better quality control.

During the Track Record Period, we had engaged a total of 52, 16 and 19 sub-contractors for each of the years ended 31 December 2008, 2009 and 2010, respectively. We engage our sub-contractors on an order basis and have not entered into any master agreement with our sub-contractors. The sub-contracting fees are negotiated when orders are placed by our Group with our sub-contractors with reference to the costs of production and the price of the finished products. During each of the years ended 31 December 2008, 2009 and 2010, our Group incurred sub-contracting costs of about HK\$31.9 million, HK\$4.3 million and HK\$14.1 million, respectively. The significant reduction in sub-contracting costs incurred in the year ended 31 December 2009 was mainly due to the increase in in-house production process as part of our cost saving measures during the financial crisis. In the year ended 31 December 2010, despite that the increase in our production capacity during the year had enabled us to increase the use of in-house production process and reduced the use of subcontractors, the significant increase in our sales had also driven up our sub-contracting costs during the year. For further details of our cost of goods sold incurred during the Track Record Period, please refer to the section headed "Financial information – Management discussion and analysis – Cost of goods sold" below.

Our Directors consider that our polishing techniques for stainless steel materials are one of our key competitive edge over our competitors in the world, and we are capable of handling different kinds of polishing process for our customers to maximize production flexibility and product quality. Since 2006, we have been utilising our own semi-automatic polishing techniques in our production processes by coupling purchased machines with our own technical knowhow. As at 31 December 2010, we had 26 sets of machinery for our semi-automatic polishing processes. We take the view that by adopting semi-automatic polishing processes, we can better ensure the consistency of product quality and exercise better cost control by reducing our labour input.

For further details of our quality control and inspection during our manufacturing processes, please refer to paragraph headed "Quality control and assurance" below.

MANUFACTURING FACILITIES AND MACHINERY

We manufacture stainless steel watch bracelet, costume jewellery and accessories at our Dalang Factory and, starting from June 2011, trial production of stainless steel mobile phone cases. We also expect to commence commercial production of stainless steel mobile phone cases at our Dongfengcun Factory in the third quarter of 2011.

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Our Dalang Factory is located in Dongguan, Guangdong Province of the PRC, with an aggregate site area of about 59,009 sq.m. and 15 buildings erected thereon, comprising factory buildings, warehouse, staff quarters, training centre and other ancillary buildings with an aggregate gross floor area of about 46,380 sq.m. Further details about our interests in land and buildings of the Dalang Factory are set out in Appendix IV to this prospectus.

As most of our production processes at the Dalang Factory are semi-automated or involve the use of machinery, to avoid disruption to our Group's production due to shortage of electricity, we have installed our own power generators at the Dalang Factory. We had not experienced any significant disruption of operation arising from any shortage of electricity during the Track Record Period.

As at 31 December 2010, we employed more than 3,000 employees at our Dalang Factory. Further details about our employees are set out in the paragraph headed "Employees" below.

Leveraged from our experience in manufacturing and processing stainless steel products, we have the capability of managing our production processes for stainless steel products. To achieve economies of scale, we centralise those production procedures which are common for production of different products. We are able to manually adjust our production lines so that we can accommodate the production of different products, and we can adjust the number of production lines for any particular products to cater for, and to capture business opportunities arising from, any change in market demand or preference of any particular products.

Due to the diversity of products, the lack of a common production bottle neck for production of different products and that our production lines can be modified to accommodate the production of different products, our Directors consider it difficult to estimate our production capacity for all different products produced by us during the Track Record Period. Based on one of the top products produced by us in each product category during the year ended 31 December 2010 and that our production lines had been operating for 19 hours per day (for watch bracelets production) or 8.5 hours per day (for costume jewellery and accessories production) and 26 days per month throughout the three years ended 31 December 2010 for that single product only, as at 31 December 2008, 2009 and 2010, the annual production capacity of our Dalang Factory is set out as follows:

	For the year ended 31 December		
	2008	2009	2010
	(million units)	(million units)	(million units)
Watch bracelet	2.2	2.2	2.4
Necklace	7.7	7.7	9.8
Bag accessories	15.8	15.9	20.3

As polishing and stamping and/or cutting are the two key processes in our production flow, we have assessed the utilisation rate of the principal machines used in polishing and stamping and/or cutting processes, namely the polishing machines and

CNC machines, to determine the utilisation rate of our Dalang Factory. Based on (1) the number of polishing machines and CNC machines at the Dalang Factory during the Track Record Period, (2) the maximum operating hours for all the polishing machines and CNC machines in Dalang Factory during the relevant year, and (3) the actual working hours of our polishing workers and the actual operation time of our CNC machines during the relevant year, we observed that the utilisation rate of our polishing machines is higher than that of our CNC machines, and hence our Directors consider that the utilisation rate of our polishing machines in Dalang Factory can represent the utilisation rate of our Dalang Factory. Based on the above we estimate that the utilisation rate of our Dalang Factory for the year ended 31 December 2008, 2009 and 2010 were about 89.8%, 67.4% and 88.9%, respectively. The decrease in utilisation rates for the year ended 31 December 2009 was as a result of a drop in the Group's turnover during that year, which was due to the decreased sales volume in that year primarily resulting from the worldwide decline in the demand for luxury goods as affected by the global financial crisis. There was an increase in utilisation rates for the year ended 31 December 2010 compared to the year ended 31 December 2009 because the Group's turnover for 2010 had increased by about 55.1% year-on-year, primarily as a result of an increase in sales volume due to the increasing market demand following the global economic recovery after the global financial crisis in 2008 and 2009.

To further diversify our product range, we leased the Dongfengcun Factory from Ming Fung Kitchen in May 2011, comprising four buildings with an aggregate gross floor area of about 3,730 sq. m. on a site area of about 6,666 sq. m. for a term of two years with an option to renew on the same terms. We currently expect to commence the commercial production of our stainless steel mobile phone cases at the Dongfengcun Factory in the third quarter of 2011. As at the Latest Practicable Date, the Dongfengcun Factory housed a workforce of about 90 employees, with a planned annual production capacity of about 948,000 mobile phone cases. Our Dongfengcun Factory has been leased by us since May 2011 for temporary production use pending completion of our planned development of the Huzhen Factory, further details of which are set out in the paragraph headed "Business strategies – Expansion of production capacity" above. It is our plan to relocate the operation of the Dongfengcun Factory and the operation of stainless steel leather belt buckles productions at Dalang Factory to the Huzhen Factory to be established by us at Huizhou.

In order to enhance production capacity and efficiency and our manufacturing techniques, we made substantial investment in production equipment, in particular in CNC machines, during the Track Record Period. For each of the years ended 31 December 2008, 2009 and 2010, our capital expenditure amounted to about HK\$5.9 million, HK\$5.2 million and HK\$22.7 million respectively. Our CNC machines, which are utilised in production processes such as cutting and drilling of stainless steel materials, are mainly imported from Switzerland and Japan. We also had 26 sets of machines for our semi-automatic polishing processes as at 31 December 2010. We plan to further increase our investment in production machinery to enhance our production capacity and manufacturing techniques.

We have insurance coverage for our plant and machinery, details of which are set out in the paragraph headed "Insurance" below.

PRODUCTION MATERIALS AND SUPPLY CHAIN MANAGEMENT

Production materials and components required for our products include (1) stainless steel materials such as bars and plates, (2) component parts such as screws, pins and buckles, (3) non-metallic materials such as ceramics, leather, plastic, resin and crystals; (4) consumables such as chemicals, polishing paste, abrasive wheels, packaging materials and tools; and (5) precious materials such as gold and crystal.

For each of the years ended 31 December 2008, 2009 and 2010, the cost of production materials represented about 38.3%, 47.0% and 41.5% of our total cost of goods sold, respectively.

During the Track Record Period, except for the purchases we made from Winox S.A. in 2008 and 2009 which were settled in Swiss Franc, most of our purchases of production materials were settled with US\$, RMB and HK\$. The credit periods given by our suppliers generally ranged from 30 days to 90 days during the Track Record Period.

Stainless steel

Stainless steel is the principal material used in our production. The stainless steel materials and components used in our products are sourced from local distributors of overseas steel mills such as those located in Japan and other suppliers in Europe, which our Directors consider to be of consistent and reliable quality. Our stainless steel materials are supplied to us in the form of bars, plates and wires, and component parts such as screws, pins and buckles. The stainless steel used by us are the extra-low carbon version of Grade 316 stainless steel (i.e. Grade 316L stainless steel). Grade 316 stainless steel is a type of stainless steel containing molybdenum, which increases general corrosion resistance and provide increased strength at high temperature. In particular, the Grade 316L version minimises precipitation of harmful carbide caused by high temperatures due to welding.

During each of the years ended 31 December 2008, 2009 and 2010, our stainless steel material costs amounted to about HK\$68.0 million, HK\$61.2 million and HK\$79.0 million, respectively. The percentage of our stainless steel material costs to our total costs of goods sold during the Track Record Period was about 33.5%, 38.9% and 34.7% for each of the years ended 31 December 2008, 2009 and 2010, respectively. For illustration purposes only, had our stainless steel materials costs increased or decreased by 5% (being the rate used by our Group to assess the possible impact of the change in price of stainless steel internally) and all other factors remained unchanged during the Track Record Period, our cost of goods sold would have increased or decreased by about 1.7%, 1.9% and 1.7% for each of the three years ended 31 December 2008, 2009 and 2010, respectively, which would reduce or increase our profit by about HK\$3.4 million, HK\$3.1 million and HK\$4.0 million for each of the three years ended 31 December 2008, 2009 and 2010 respectively.

The global stainless steel price for Grade 316 stainless steel had been fluctuated in the past years. According to the Synovate Report, the average price per ton of Grade 316 stainless steel increased from about US\$4,757 in 2005 to its peak of about US\$7,735 in 2007, then dropped to its trough of about US\$3,758 in 2009, and rebounded to about US\$4,948 in

2010. However, the effect of the fluctuation of stainless steel prices during the Track Record Period to our Group's results was insignificant as we were able to pass on the price increases of stainless steel materials and components to our customers by making reference to the latest price of stainless steel when developing our quotation for our customers and placing orders for the necessary stainless steel materials as soon as the sales order is confirmed. We may also re-negotiate our price to account for increase in our costs such as raw material costs, which enables us to minimize our exposure to stainless steel price fluctuation, after we fix our initial sales order price.

Other materials

Other materials used in our manufacturing processes include non-metallic materials such as component parts; ceramics, leather, plastic, resin; and consumables such as chemicals, polishing paste, abrasive wheels, packaging materials and tools. Such other materials are usually sourced from our suppliers in the PRC. The suppliers for certain materials, like crystal stones, are specified by our customers.

Precious materials such as gold and crystal may also be utilised in our products, which are either provided by our customers or purchased by us from suppliers, depending on the product design.

Supply chain management

Our Group's procurement department is responsible for the purchase of production materials and component parts not manufactured by us. As at 31 December 2010, our procurement department consisted of about 17 employees for the purchase of production materials.

We maintain established guidelines and our own grading system in respect of our suppliers. We evaluate our suppliers based principally on several criteria, namely on schedule delivery, product quality, pricing, sales services, production capability and whether their management system accords with recognised industry standard such as ISO9001. Where necessary, our procurement team visits our suppliers or potential suppliers for evaluation. We typically compare the price quotation of at least three suppliers for a particular material, and we have several suppliers identified and pre-approved by us for the supply for our principal production materials to avoid any over-reliance on any single supplier. Our customers may also specify any particular suppliers for the supply of any particular production materials for production of their products.

Generally, we have long term business relationship with our suppliers, and our suppliers are required to enter into an undertaking in favour of us to ensure that our suppliers understand and agree to comply with our requirements as to product quality and safety and confidentiality. Our five largest suppliers during the Track Record Period included (1) manufacturers of stainless steel watch buckles, steel bars, wires and/or watch component parts, (2) authorised dealers of steel manufacturers and (3) Winox S.A., an intermediary agent for owners of five internationally renowned brands of luxury watches. We have on average more than six years of relationship with our top five suppliers for the

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year ended 31 December 2010. However, we have not entered into any long term supply agreement with our suppliers for our production materials. Despite this, we have not experienced any difficulties in sourcing supplies of production material during the Track Record Period.

Our Group has adopted an inventory control system (“Inventory Control System”) to monitor stock level. The Inventory Control System assists in calculating the last date of purchase and quantities of obsolete stock so as to monitor slow moving inventory. A batch run of the system will be conducted twice a year in accordance with our Group’s inventory policy. Our Group’s production department will review those slow moving and obsolete stock and initiate an action plan to reduce excessive stock. Depending on the usability of our stock, our Group’s finance department may be required to write off all or part of the carrying value of our stock.

We also maintain a safety stock of stainless steel materials, spare parts for our machinery and tools and other consumables to ensure that our production schedule will not be delayed or disrupted due to shortage of production materials or supplies. During the Track Record Period, we had not experienced any material shortage or disruption in the supply of production materials.

Our major suppliers include production materials suppliers as well as component parts suppliers. Set out below is an analysis of our purchase from our top suppliers during the Track Record Period:

	For the year ended 31 December					
	2008		2009		2010	
	Purchase	Percentage of purchase	Purchase	Percentage of purchase	Purchase	Percentage of purchase
	HK\$'million		HK\$'million		HK\$'million	
Largest supplier . . .	22.1	28.5%	6.7	9.1%	22.2	23.4%
Second to fifth largest suppliers, in aggregate	22.2	28.5%	13.6	18.4%	16.4	17.4%
Other suppliers . . .	33.4	43.0%	53.7	72.5%	56.1	59.2%
	77.7	100.0%	74.0	100.0%	94.7	100.0%

Winox S.A., which was our largest customer during the Track Record Period, had also been one of our top five suppliers during each of the years ended 31 December 2008 and 2009, supplying component parts such as screws and pins to us for production of the products ordered by it. During the years ended 31 December 2008 and 2009, Winox S.A. was our largest and second largest supplier respectively and we had made purchase amounting to about HK\$22.1 million and HK\$5.9 million from Winox S.A. for each of the years ended 31 December 2008 and 2009 respectively, representing about 28.5% and 8.0% of our total direct material purchased for the respective year. In order to streamline

the ordering process and simplify the cost structure of the products ordered by Winox S.A., Winox S.A. has subsequently revised the sales terms with us and the component parts required for production of products ordered by Winox S.A. have been supplied by it to us without charges with a corresponding downward adjustment in the prices of the products ordered by Winox S.A.. Winox S.A. ceased to be one of our top five suppliers in the year ended 31 December 2010. Our Directors expected that this practice will continue in the future. As our selling price to Winox S.A. was adjusted at a comparable percentage change as that in the corresponding cost of production, such arrangement had not resulted in any material impact on our gross profit and gross profit margin.

None of our Directors, their respective associates or, so far as our Directors are aware, Shareholders who own 5% or more of the issued share capital of our Company immediately following completion of the Share Offer has any interest in any of our five largest suppliers for the Track Record Period.

QUALITY CONTROL AND ASSURANCE

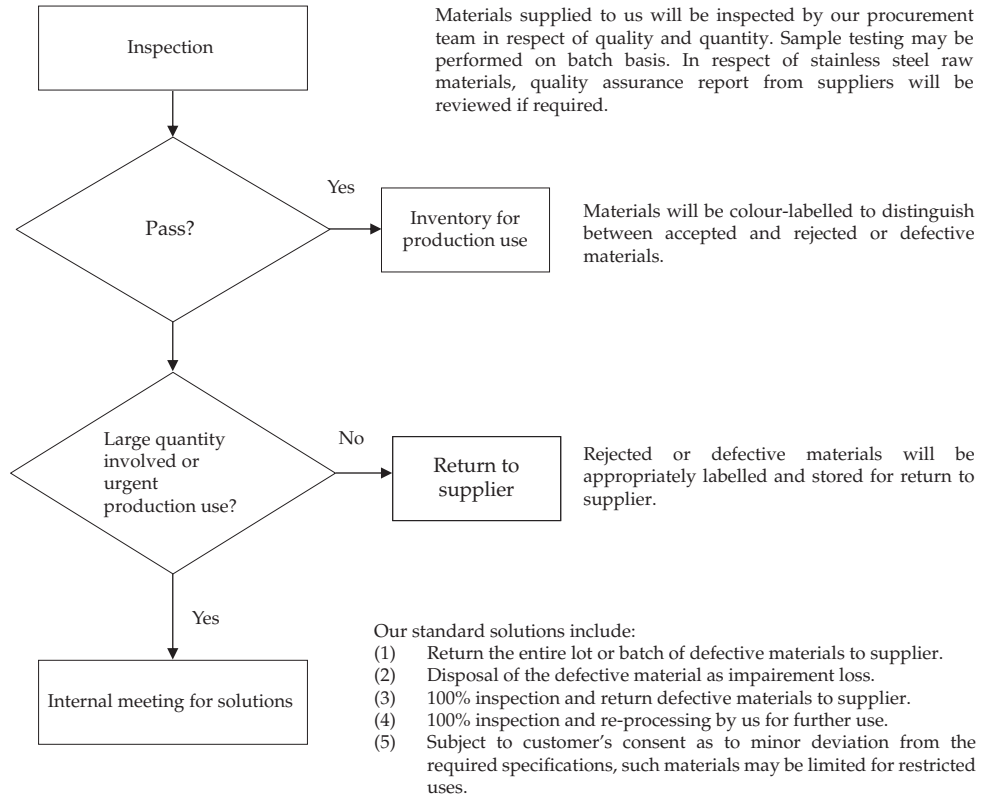
We focus on the quality of our products and perform various quality inspection and testing procedures, including random sample testing at different stages in the manufacturing process. Quality control procedures are performed by both our employees and those of our customers. We also perform quality control procedures for components and production materials procured and for sub-contracted-out work such as PVD coating and electroplating on component parts. Such procedures include inspecting samples and obtaining the relevant quality assurance certificates from our suppliers. We also have a testing laboratory in our Dalang Factory with various testing equipment, including x-ray measuring instrument for coating thickness measurement & materials analysis and stationary metal analyzer, to test the quality of stainless steel materials sourced.

In addition to these quality control procedures, customers generally inspect and monitor the production process through their on-site quality inspection team or alternatively, through the on-site representatives of their sourcing agents. While such representatives from customers assist us in inspecting and monitoring our manufacturing processes through interactive communication with us, we have independent quality control procedures for inspection and monitoring and attempt to identify defects at early stages of production.

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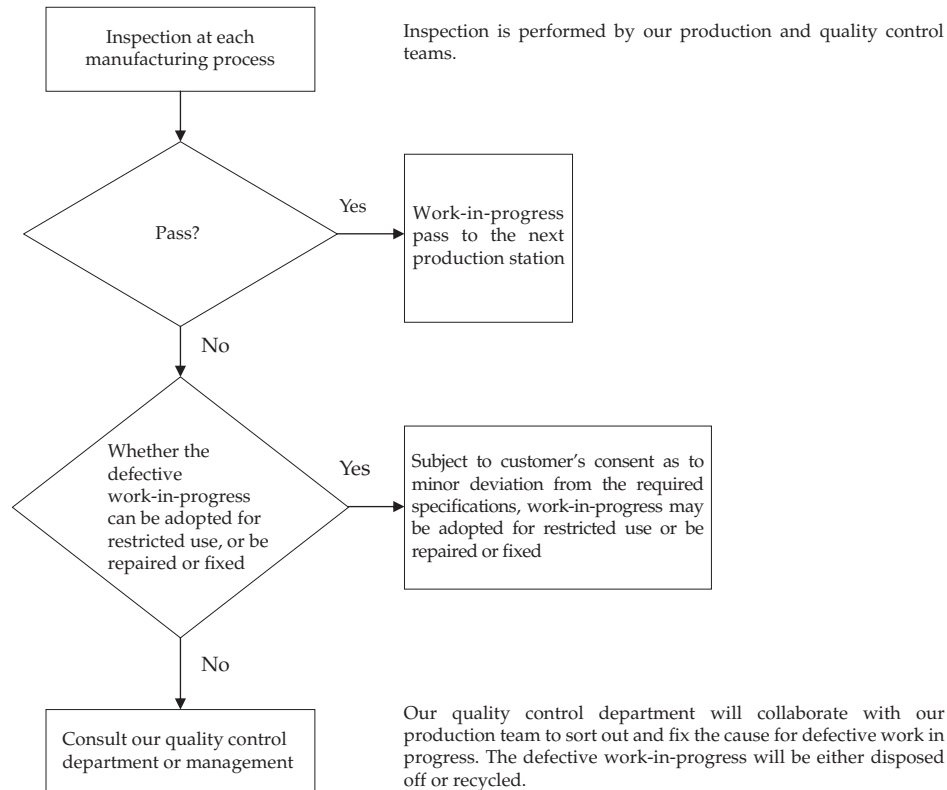
The diagrams below set forth our quality control procedures in respect of production materials or component parts, work-in-progress and finished products respectively.

(A) Quality control procedures in respect of production materials or component parts



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(B) Quality control procedures for our work-in-progress



We are certified by the International Organisation for Standardisation and are ISO9001:2000 and ISO9001:2008 compliant with regard to our quality management system. Both of our ISO9001:2000 and ISO9001:2008 certifications are valid until 24 July 2011. We currently intend to renew our ISO9001:2000 and ISO9001:2008 certifications upon receipt of the renewal notice prior to their expiry in accordance with the renewal procedures of the relevant accreditation body. During the Track Record Period and up to the Latest Practicable Date, we had not received any significant complaints about quality of our products from customers or as to our non-compliance with the requirements imposed by them in connection with social, health and safety issues that would materially and adversely affect our business or relationship with such customers.

Our Group's quality control function is overseen by Mr. Wong Wing Yin, the Head of Operations of Winox Enterprise and Winox WFOE, with the assistance of Mr. So Lai Keung, the Head of Marketing of Winox Enterprise and Winox WFOE, and other staffs who have completed relevant quality control courses. Please refer to the section headed "Directors, senior management and staff – Senior management" of this prospectus for Mr. Wong Wing Yin and Mr. So Lai Keung's respective qualifications and industry experience.

We generally offer our customers, including our top five customers during the Track Record Period, one year of warranty for our products. We provide product warranty services to our customers, such as replacement, repairing and/or re-processing of defective products free of charge only when the defect was caused by us during the manufacturing process. The costs relating to product quality warranty have been accounted for as cost of goods sold during the Track Record Period.

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Where the products are returned to us due to damage or mis-handling caused by our customers, we normally charge our customers our costs on reimbursement basis for refurbishing such returned products. We also provide after-sales services to our customers at their request such as manufacturing discontinued models in small batches.

Product quality is one of the key concerns of our customers who are internationally renowned brands as product quality and brand reputation affects the sales of their products. During the Track Record Period, our sales return (in terms of turnover) for watch bracelets amounted to about HK\$732,000, HK\$543,000 and HK\$700,000 for each of the years ended 31 December 2008, 2009 and 2010 respectively, representing about 0.30%, 0.30% and 0.23% of our total turnover for the sale of watch bracelets for each of the years ended 31 December 2008, 2009 and 2010, respectively. Our sales return (in terms of turnover) for costume jewellery and accessories amounted to about HK\$305,000, HK\$317,000 and HK\$526,000, representing about 0.37%, 0.42% and 0.58% of our total turnover for the sale of costume jewellery and accessories for each of the years ended 31 December 2008, 2009 and 2010, respectively. During the Track Record Period, we have maintained a relatively low product return rate (in terms of volume), with an average product return rate in respect of our stainless steel watch bracelet products of about 0.1%, 0.3% and 0.2% , and that for our stainless steel costume jewellery and accessories of about 0.4%, 0.3% and 0.4%, for each of the years ended 31 December 2008, 2009 and 2010 respectively, which our Directors consider as our key competitive advantage over our competitors and significant contributing factor to maintaining our profit margin and long relationship with our customers. During the Track Record Period, our Group had not experienced any material losses due to product quality.

SALES AND MARKETING

Our customers mainly include intermediary agents of brand owner of internationally renowned brands of watch, costume jewellery and luxury products, such as Winox S.A., UVW Limited and Maillor S.A., brand owners of such brands who are our direct customers and the manufacturers of mobile phones.

We have entered into agreements with two of the intermediary agents of brand owners of watch, costume jewellery and luxury products pursuant to which each of them is engaged to promote sales of our Group's products in Europe and in particular in the Switzerland market. In consideration of their services to us as aforesaid, we will pay them commission representing certain percentage of all our sales by indent orders through such agent, and/or a fixed amount of trademark fees per watch bracelet sold, and/or quantity rebate accrued on a per bracelet basis upon achievement of certain threshold sales volume, all of which were determined after arm's length negotiation with the relevant intermediary agents. Pursuant to our agreements with the intermediary agents, the commission and trademark fees are payable by our Group quarterly, while the quantity rebates for the relevant year are payable by our Group within 90 days after the year end. These agreements do not have a specific term of operation and do not contain any provision for termination of these agreements by any party thereof. We also paid quantity rebates to one of our top five customers during the Track Record Period on a yearly basis after confirmation of the annual order amount as incentive to procure sales with us. During the Track Record Period, the commission, trademark fees and quantity rebates paid by us amounted to about HK\$12.0 million, HK\$10.6 million and HK\$0.9 million respectively for the year ended 31 December 2008; about HK\$8.7 million, HK\$6.3 million and HK\$0.7 million respectively for the year ended 31 December 2009; and about HK\$14.1 million, HK\$9.7 million and HK\$1.7 million respectively for the year ended 31 December 2010.

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Save for the above, we do not engage advertising agency or sales intermediaries to promote our business or products. We maintain our own corporate website for showcasing our business, production facilities and accreditations.

Our sales process is closely linked to the product development process in collaboration with the intermediary agents who act on behalf of the brand owners or the brand owners directly. After going through the product development process as more particularly described in “Design and development” above, initial orders or production orders may be placed with us by our customers. Our sales and marketing team regularly visit our customers to obtain information on market trend and their product development plans, while some of our customers also visit us from time to time to inspect our production lines and production processes at their different manufacturing stages. We believe that our close relationship with our customers is key to maintaining and strengthening our customer base.

Our largest customer during the Track Record Period was Winox S.A., an intermediary agent for five internationally renowned brands of luxury watches. While in the event that Winox S.A. terminates their business relationship with our Group, we may approach the relevant brand owners to secure orders from such brand owners directly (i) in light of our long business association with such brand owners who we believe are acquainted with our operations and (ii) we are not restricted from directly approaching the relevant brand owners, we have no present intention to do so, and our Directors believe that the chance of Winox S.A. terminating their business relationship with our Group is very remote in light of their long business relationship with our Group. Please refer to the section headed “Risk factors – Risks relating to our Group – We are dependent on our major customers” for further details of the risks involved for our reliance on Winox S.A. and our other major customers.

Geographic segments

In each of the years ended 31 December 2008, 2009 and 2010, a significant portion of our turnover was derived from sales to customers located in Switzerland representing about 78.6%, 84.1% and 71.4% of our total turnover of the respective year. The following table sets forth, for the periods indicated, the percentage breakdown of our turnover from external customers categorised by geographical locations of our customers.

	For the year ended 31 December					
	2008		2009		2010	
	Turnover	Percentage of turnover	Turnover	Percentage of turnover	Turnover	Percentage of turnover
	HK\$'000		HK\$'000	HK\$'000		
Switzerland	255,013	78.6 %	216,017	84.1 %	284,568	71.4 %
Hong Kong	56,595	17.4 %	30,701	11.9 %	69,832	17.5%
Other European and Asian countries . .	12,990	4.0 %	10,210	4.0%	44,206	11.1 %
Total	324,598	100.0%	256,928	100.0%	398,606	100.0%

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Customers

For the years ended 31 December 2008, 2009 and 2010, our Group's total turnover amounted to about HK\$324.6 million, HK\$256.9 million, HK\$398.6 million respectively, representing a CAGR of about 10.8% from 2008 to 2010.

During the Track Record Period, our customers comprise mainly intermediary agents of brand owners of watch, costume jewellery and other luxury products of internationally renowned brands or the brand owners of such brands who are our direct customers. We have long business relationship with such intermediary agents and our brand owner customers, some of which we have been collaborating with for over 10 years. Set out below is an analysis of our sales by type of customers during the Track Record Period:

	For the year ended 31 December		
	2008	2009	2010
	Percentage of turnover	Percentage of turnover	Percentage of turnover
Intermediary agents	84.7%	77.3%	75.7%
Brand owners	15.3%	22.7%	24.3%
Total	100%	100%	100%

Since June 2011, with commencement of our trial production of stainless steel mobile phone cases, our customer base has further expanded to include manufacturer of mobile phones. As at the Latest Practicable Date, we had entered into a master agreement with one mobile phone manufacturer for the manufacture of stainless steel mobile phone cases. However, we have only received sales order for trial production and we had not yet generated any turnover from our stainless steel mobile phone cases business up to the Latest Practicable Date.

Development of new customers

In developing business relationships with new customers, we typically undergo the following processes which would normally take about six to twelve months: (1) our sales team gather market information about business environment and market trends for primary screening of prospective customers. Brand owners of internationally renowned brands of stainless steel products, having significant business turnover and good credit record, and with a focus on product quality are our targets; (2) our sales team then gather further details of these target customers, such as their product types, grading of brands, retail prices, market shares and direction of development, for our internal discussion purpose and to select suitable customers for approaching by our sales team; (3) our sales team then proactively approach these selected target customers, including through contacting them through the internet, visiting their offices and attending industry trade fair, to explore potential business opportunities; (4) these new customers may then request us to provide fee quotations and samples for their consideration; (5) we typically engage third party credit agencies to assess the credit worthiness and credit record of such new customers; and (6) subject to satisfactory completion of credit assessment under (5) and after the customers have approved our quotations and samples and placed formal orders with us, we then commence production for these customers.

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For each of the years ended 31 December 2008, 2009 and 2010, our Group has established new business relationships with 8, 17 and 15 new customers, respectively. These new customers are brand owners, manufacturers, wholesalers and retailers of watches, handbags, metal products and other accessories, and are principally located in Europe and Asia. Our Group is currently approaching four prospective customers with an aim to open up business relationships with them. Amongst the four prospective customers, three of them are brand owners of watches, costume jewellery and luxury products; the remaining one is a mobile phone manufacturer. As at the Latest Practicable Date, we have entered into a master agreement with one mobile phone manufacturer. Set out below is an analysis of our sales to our new customers during the Track Record Period:

<u>For the year ended 31 December</u>	<u>Turnover</u>	<u>Percentage of turnover</u>
2008	HK\$4.0 million	1.2%
2009	HK\$10.3 million	4.0%
2010	HK\$12.2 million	3.1%

Our major customers during the Track Record Period

For each of the years ended 31 December 2008, 2009 and 2010, sales of our Group to our five largest customers accounted for about 95.7%, 91.7% and 86.6% of our Group's total turnover respectively. For the same period, sales of our Group to our largest customer, Winox S.A., and its affiliate, Maillor S.A., are set forth in the table below:

	<u>For the year ended 31 December</u>					
	<u>2008</u>		<u>2009</u>		<u>2010</u>	
	<u>Turnover</u>	<u>Percentage of turnover</u>	<u>Turnover</u>	<u>Percentage of turnover</u>	<u>Turnover</u>	<u>Percentage of turnover</u>
	HK\$'million		HK\$'million		HK\$'million	
Winox S.A.	193.3	59.6%	148.9	58.0%	218.7	54.9%
Maillor S.A.	-	-	4.0	1.6%	16.3	4.1%
	193.3	59.6%	152.9	59.6%	235.0	59.0%
Other customers . . .	131.3	40.4%	104.0	40.4%	163.6	41.0%
Total.	<u>324.6</u>	<u>100.0%</u>	<u>256.9</u>	<u>100.0%</u>	<u>398.6</u>	<u>100.0%</u>

Winox S.A., a company incorporated in Switzerland and an Independent Third Party, had been our top customer during the Track Record Period. It is an intermediary agent for owners of five internationally renowned brands of luxury watches based in the Switzerland and has been purchasing stainless steel watch bracelets for their luxury watches from our Group since 1999. It had also been one of our largest suppliers during the Track Record Period. Please refer to the paragraph headed "Production materials and supply chain management – Supply chain management" above for details. Maillor S.A., an affiliate of Winox S.A., has been purchasing stainless steel watch bracelets for luxury watches from our Group as the intermediary agent of five internationally renowned

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brands of luxury watches based in the Switzerland since 2009. UVW Limited, an intermediary agent for owners of seven internationally renowned brands of luxury watches and accessories based in the Switzerland, had been sourcing our watch bracelets for its customer since 1999.

Other than Winox S.A., Maillor S.A. and UVW Limited which are intermediary agents for owners of internationally renowned brands, our major customers during the Track Record Period included brand owners of internationally renowned brands of watches, costume jewellery and/or accessories. The table below sets forth the brief information of our top five customers during the Track Record Period:

<u>Our top five customers</u>	<u>Percentage of turnover</u>	<u>Principal products sourced by the customer</u>	<u>Number of brands for which our Group is authorised to produce products</u>	<u>Base country of the brands</u>
<i>For the year ended 31 December 2010</i>				
1. Winox S.A. (intermediary agent) . . .	54.9%	Watch bracelets	Five	Switzerland
2. UVW Limited (intermediary agent) .	12.7%	Watch bracelets	Seven	Switzerland
3. Customer A (brand owner)	10.4%	Costume jewellery	Two	Switzerland
4. Customer B (brand owner)	4.5%	Watch bracelets	One	Switzerland
5. Maillor S.A. (intermediary agent) . . .	4.1%	Watch bracelets	Five	Switzerland
<i>For the year ended 31 December 2009</i>				
1. Winox S.A. (intermediary agent) . . .	58.0%	Watch bracelets	Five	Switzerland
2. Customer A (brand owner)	14.5%	Costume jewellery	Two	Switzerland
3. UVW Limited (intermediary agent) .	9.7%	Watch bracelets	Seven	Switzerland
4. Customer C (brand owner)	7.2%	Costume jewellery	Five	Italy
5. Customer D (brand owner)	2.3%	Accessories	One	Italy
<i>For the year ended 31 December 2008</i>				
1. Winox S.A. (intermediary agent) . . .	59.6%	Watch bracelets	Five	Switzerland
2. UVW Limited (intermediary agent) .	16.0%	Watch bracelets	Seven	Switzerland
3. Customer A (brand owner)	11.4%	Costume jewellery	Two	Switzerland
4. Customer C (brand owner)	7.0%	Costume jewellery	Five	Italy
5. Customer E (brand owner)	1.7%	Costume jewellery	One	Italy

None of the Directors, their respective associates or, so far as our Directors are aware, Shareholders who own 5% or more of the issued share capital of our Company immediately following completion of the Share Offer had any interest in any of the five largest customers during the Track Record Period.

Production orders and payment

We develop and manufacture products for our customers, including our top five customers during the Track Record Period, based on their individual production orders and have not entered into any long-term supply agreements or any agreement for committed sales volume with them. The production orders generally specify the model, quantity, unit price and delivery time of the products. In addition to product specifications, our customers impose chemicals and safety requirements with which we strictly comply.

At the mass production stage, we typically deliver our products within two to three months after we receive the production order. Customer payments are primarily settled by telegraphic transfer. Our revenue are mainly denominated in HK\$ and US\$. In general, we require our customers to settle our invoices within 30 to 90 days after delivery.

During the Track Record Period, save for the bad debt expense recorded in 2008 for a sum of about HK\$2.9 million, being the amount of trade receivables recorded by Winox Manufacturing from 2000 to 2007 which our Directors consider them non-recoverable when Winox Manufacturing ceased its business in December 2008, our Group did not provide for any bad debts or doubtful debts. Please refer to the section headed "Financial information – Receivables" in this prospectus for further details.

Pricing

We fix the price of our products after negotiation with our customers, subject to re-negotiations with our customers from time to time, and extraordinary factors such as sudden surge in production material costs, which may lead to re-negotiation for price increase. The pricing of our product is negotiated (1) between our Group and intermediary agents who act on behalf of brand owners, or (2) between our Group and the brand owners. The price of a particular model of product is generally fixed on a cost plus basis and is dependent on factors such as the complexity of the product and the labour and technology involved in the design or production processes.

We may negotiate with our customers for price increase in the event of significant rise in our costs, such as our production material costs, labour costs and minimum wage raise in the PRC, and exchange loss due to appreciation in RMB which is the major currency we used to settle our costs of productions, including production material costs and labour costs. During the Track Record Period, we had not experienced any difficulty in shifting such cost increase to our customers by way of price increase.

INVENTORY CONTROL

Our Group's production materials and inventories are stored in the warehouses in our Dalang Factory and Hong Kong warehouse. As at 31 December 2010, our Group had assigned about 27 staff to inventory management.

As at 31 December 2010, the inventory level of our Group, including production materials, work-in-progress, finished goods, moulds and consumable tools amounted to about HK\$40.6 million. The average inventories turnover days of our Group for each of the years ended 31 December 2008, 2009 and 2010 was about 49.8 days, 83.2 days and 52.9 days, respectively.

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We are committed to reducing excess inventory of production materials and finished goods, and meanwhile continue to meet the supply and delivery requirements of our customers. We typically place order for production materials after the receipt of firm purchase orders from our customers for which such production materials are to be utilised. We also occasionally place orders for some generic production materials, such as stainless steel plates, in anticipation of estimated price hike and increase in supply lead time. We maintain production materials management system and production policy aiming at enhancing and streamlining the production process to reduce needs to maintain high level of spare production materials.

We regularly monitor our inventory, including inventory levels and age. We maintain close working relationship with our customers, and prepare our production plans and maintain our inventories with reference to order forecasts and development plans provided by our customers.

We have established policies with regard to warehouse management, such as labeling system to categorise materials and items and safety controls.

During the years ended 31 December 2008, 2009 and 2010, no specific provision for inventories was made.

RESEARCH AND DEVELOPMENT AND DESIGN

We have our own research and development capabilities. As at 31 December 2010, our Group has assigned 80 staff for research and development and design. We consider our manufacturing techniques and expertise in stainless steel materials vital to the continued success of our business, especially our polishing techniques in the manufacturing and processing of our stainless steel products.

Our research and development function is overseen by one of our senior management, namely Mr. Lam Man Wai, the Head of Research and Development of Winox Enterprise and Winox WFOE. Please refer to the section headed “Directors, senior management and staff – Senior management” of this prospectus for his qualifications and industry experience.

Our research and development team is also responsible for improving on our customers’ conceptual, two dimensional drawings from the technical, engineering aspects taking into account the properties of Grade 316L stainless steel for the purposes of creating three-dimensional sketches, prototypes and samples for our customers based on their initial design. The three-dimensional drawings of products, based on our customers’ two-dimensional drawings, and the logos, trademarks and other intellectual property rights that we utilise in our design and development processes are properties of our customers and we are bound by our confidentiality undertaking to our customers in relation to the use of such information or properties. Please refer to the paragraph headed “Design and development” above for further details.

Since our research and development team is also responsible for product engineering design and development and that our research efforts on manufacturing techniques and processes are applied towards production of our products, our cost of research and development during the Track Record Period had been included as part of our cost of goods sold. For each of the years ended 31 December 2008, 2009 and 2010, our staff costs for our staff for research, development and design amounted to about HK\$375,000, HK\$734,000 and HK\$1,131,000, respectively.

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To further enhance our production efficiency and technical standard, in 2004, we began to research and develop our own semi-automatic polishing techniques for stainless steel materials, which was put into production use in 2006 for our polishing processes.

COMPETITION

We face keen competition in our business. The stainless steel watch bracelet, costume jewellery and accessories manufacturing industry is highly competitive. We believe that our competitors are primarily other manufacturers specialising in manufacturing stainless steel products based in the PRC and other Asian countries with low labour costs, who have the manufacturing capability and expertise to cater for the demands of internationally renowned brands or customers for luxury products with emphasis on product quality. We compete principally on product quality, pricing, reputation, product design and development skills, manufacturing techniques, production capacity and delivery and customer service, with varying emphasis on these factors depending on the market, the customer and the product. Our business is capital intensive and we need substantial investments in sufficient number of advanced and sophisticated production equipment, such as CNC machines, in order to meet the requirements of our customers, particularly for customers of mobile phone cases, for precision, cost-efficient and large volume production. Taking into account the stringent manufacturers selection procedures and quality assurance measures adopted by brand owners of watch, costume jewellery and luxury products, in particular owners of internationally renowned brands, and their respective intermediary agents, and the substantial capital investments required to stay competitive in the industry, we believe that these brand owners and their intermediary agents tend to establish and maintain long term relationship with reliable manufacturers to ensure continuous supply of products with consistent product quality. Nevertheless, should we fail to successfully compete in one or more of the foregoing areas in the future, we may not be able to maintain our relationship with customers of these calibres or otherwise stay competitive in the industry, and our results of operation could be materially and adversely affected as a result.

We believe that we excel in the area of manufacturing techniques, in particular our polishing techniques for stainless steel materials, and in product quality and delivery and low product return rate. We believe that our long and close relationship with our customers is difficult to be replicated by our competitors. In addition, we also believe that we are among a limited number of manufacturers that have our own product development and research and development capabilities, and the manufacturing capability and expertise to cater for the demands of internationally renowned brands or customers for luxury products with emphasis on product quality.

While we believe that we are well-positioned to capture market opportunities, there can be no assurance that we will be competitive in these areas in the future. Please refer to the section headed "Risk factors – Risks relating to our Group" in this prospectus. Please also refer to the section headed "Industry overview – Competitive landscape in the stainless steel luxury products and mobile phone cases manufacturing industry" in this prospectus for further analysis on the competitive landscape of the industry in which we are operating.

ENVIRONMENTAL PROTECTION

We recognise the importance of environmental protection and have adopted stringent measures for environmental protection in order to ensure the compliance by us of the prevailing environmental protection laws and regulations.

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Our operations in the PRC are subject to the national environmental protection laws and regulations and rules promulgated by the local governments in the jurisdictions where our production facilities are located in the PRC. These laws and regulations include the Environmental Protection Law of the PRC, the Water Pollution Law of the PRC, the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Atmospheric Pollution Prevention Law of the PRC and the Administrative Rules on the Environmental Protection of Construction Projects, the Law of the PRC on Appraising Environmental Impacts, and the Administrative Rules on the Environmental Protection of Construction Projects and the Administrative Measures on Environmental Protection Inspection Acceptance for Completion of Construction Projects. Please refer to the section headed "Regulatory overview" for further details of these laws and regulations.

During the Track Record Period, our annual cost of compliance with applicable environmental rules and regulations amounted to about RMB114,000, RMB153,000 and RMB373,000 (inclusive of the fine in the sum of RMB80,000 as mentioned below) for each of the years ended 31 December 2008, 2009 and 2010, respectively. We currently expect that our annual costs of compliance for the year ending 31 December 2011 would amount to about RMB0.3 million.

The principal wastes produced and emitted by us during our production process comprise principally waste water, chemical wastes and solid waste. We have adopted the following environmental protection measures:

- We have engaged a chemical waste disposal company in the PRC, which has the requisite Dangerous Waste Operating Licence (危險廢物經營許可證) to collect, store and process chemical wastes produced by us during our production process;
- we have engaged recycle company to sell and recycle stainless steel residues and waste produced by us during our production process;
- we have waste water treatment facilities to filter solid wastes and residues from waste water emitted from our production facilities; and
- we have engaged an external agency which is approved by the local environmental protection authorities in the PRC to install the waste treatment facilities to ensure our compliance with the applicable PRC laws and regulations regarding environmental protection.

Pursuant to an industrial waste disposal agreement entered into between Winox WFOE and a competent entity with Dangerous Waste Operating Licence in October 2010, we have entrusted the competent entity to recycle and dispose of the chemical wastes produced during our production processes for an annual fee of RMB28,000. Winox WFOE shall fill in a chemical wastes transfer report form, and the entrusted entity shall submit the report form to the relevant environmental protection administrative authority for approval. Winox WFOE shall classify the chemical wastes, package them properly and attach proper labels to such packaged wastes before turning them over to the entrusted entity for transportation and disposal.

Pursuant to two environmental protection project contracting agreements entered into between Winox WFOE and an environmental protection service provider in the PRC in September 2008 (as supplemented by a supplemental agreement entered into by the same parties in January 2010) and July 2010, the service provider, for a total consideration of about RMB1.3 million, undertook the design and construction of (1) environmental protection facilities that dealt with the polluting materials generated during our

production processes which included gas and noise produced by power generators, waste water, polishing dust and acid etching wastes and (2) industrial waste water treatment facilities. The service provider was responsible for ensuring (i) that the pollutants and waste water discharged by Winox WFOE would comply with the standards required by the relevant environmental protection administrative authority, (ii) that the environmental protection facilities of Winox WFOE would be acceptable and approved by the relevant authority, (iii) that the industrial waste treatment facility would pass the monitoring inspection of the relevant authority and (iv) that Winox WFOE would obtain the relevant Pollutant Discharging License (排放污染物許可證) for the purpose of its operations.

During the Track Record Period, we were found unable to comply with certain environmental protection regulations for construction projects in the PRC, and were imposed of a fine for a sum of RMB80,000 by Dongguan Bureau For Environmental Protection (東莞市環境保護局). Please refer to the paragraph headed “Non-compliance and legal proceedings” below for further information of such non-compliance. Save as aforesaid, during the Track Record Period and up to the Latest Practicable Date, we were not subject to any material fine or claim arising from non-compliance of environmental protection laws and regulations. As advised by our PRC legal advisers, save for the said non-compliance, our subsidiaries in the PRC has complied with all applicable environmental protection laws in the PRC and has not been subject to any fine or claim arising from any non-compliance of environmental protection laws in the PRC.

NON-COMPLIANCE AND LEGAL PROCEEDINGS

We set out below the non-compliances and irregularities relating to our operations during the Track Record Period:

1. *Failure to contribute fully the registered capital of Winox WFOE within the prescribed time* – Winox WFOE increased its registered capital by HK\$5 million in August 2007, but Winox Enterprise did not pay its in-kind contribution (being equipment) of HK\$350,000 within the statutory prescribed time limit. Winox Enterprise inadvertently missed the capital contribution deadline because the said equipment was no longer required by Winox WFOE.

As advised by our PRC legal advisers, Winox Enterprise may be fined an amount equivalent to 5% to 15% of the said HK\$350,000, the certificate of approval (批准證書) of Winox WFOE may be invalidated, and the business licence of Winox WFOE may be revoked.

To rectify the situation, Winox WFOE altered such in-kind contribution to a HK\$350,000 cash contribution and completed the requisite filing at the Dongguan Foreign Trade and Economic Cooperation Bureau (東莞市對外貿易經濟合作局) (a competent regulatory authority as advised by our PRC legal advisers) on 11 March 2011. Winox WFOE has subsequently completed the said cash capital contribution and the relevant capital verification in April 2011.

Winox WFOE has applied to Dongguan Foreign Trade and Economic Cooperation Bureau for the capital increase and obtained such approval and the new certificate of approval. As advised by our PRC legal advisers, there is no material legal impediment for Winox WFOE to complete the registration procedures for the capital increase in the local industry and commerce administration authority and obtain the new business license.

2. *Non-compliance with environmental regulations by Winox WFOE* – At the material time, Winox WFOE had engaged a specialist company recommended by the

Dongguan Bureau for Environmental Protection (東莞市環境保護局) (“Dongguan EP Bureau”) for the installation of environmental protection facilities for its electrolysis and acid etching processes. Relying on the assurance of the specialist company, Winox WFOE considered that such facilities should have complied with the standards prescribed by the Dongguan EP Bureau and expected that the relevant approval certificate could be obtained as a matter of time. However, the environmental assessment and the certification process was unexpectedly lengthy, and, pending inspection acceptance of the facilities and obtaining the relevant environmental assessment approval, Winox WFOE continued its operations. As a result thereof, in June 2010, the Dongguan EP Bureau issued an administrative penalties decision (行政處罰決定書) (the “Penalty Decision”) to Winox WFOE, and requested Winox WFOE to cease production and engage an entity with Hazardous Waste Operation Permit Certificate (危險廢物經營許可證) to dispose of the hazardous waste and imposed a fine of RMB80,000.

Winox WFOE met with Dongguan EP Bureau on the next day upon receipt of the Penalty Decision. During the meeting, Winox WFOE was verbally assured by Dongguan EP Bureau that it could continue with its production activities notwithstanding the Penalty Decision since (i) the relevant facilities were designed and constructed by the specialist company recommended by the approving bureau itself; and (ii) the non-compliance did not relate to the laws regulating illegal discharge of waste water or materials, but was merely a procedural non-compliance in relation to the inspection acceptance and approval of the environmental assessment by the relevant authority, which could be rectified without the cessation of business operation. As our management anticipated that the non-compliance is merely a procedural non-compliance, Winox WFOE continued with its production activities.

As advised by our PRC legal advisers, as no written approval was given by the Dongguan EP Bureau, Winox WFOE did not comply with the Penalty Decision as it continued its production from 1 July 2010 to 23 August 2010, being the date of the environmental protection facilities of Winox WFOE passing the inspection acceptance. Pursuant to the applicable law and administrative measures, Winox WFOE may be subject to a fine ranging from RMB50,000 up to RMB500,000. As at the Latest Practicable Date, no demand note or penalty had been received by Winox WFOE in respect thereof.

Winox WFOE submitted the environmental assessment report form for the relevant facilities to the Dongguan EP Bureau and has obtained the relevant environmental approval, and the environmental protection facilities of Winox WFOE have passed the inspection acceptance of such authority. In compliance with the requirements of the Dongguan EP Bureau, Winox WFOE has also engaged a competent entity specialise in handling the relevant hazardous waste as recommended by the Dongguan EP Bureau to dispose of the hazardous waste from its production process, and obtained the Pollutant Discharge Permit (排放污染物許可證) in relation to its operations. In the year 2010, RMB28,000 was paid to the competent entity for the handling of the

relevant hazardous waste. The Dongguan EP Bureau (a competent authority as advised by our PRC legal advisers) has confirmed that Winox WFOE can continue with its production since 23 August 2010. As advised by our PRC legal advisers, save for the fine of RMB80,000 referred to in the Penalty Decision which had been paid in full and the potential fine ranging from RMB50,000 up to RMB500,000 referred to above, there are no other consequences on us for the non-compliance with environmental regulations.

3. *Non-compliance with export customs regulations by Winox WFOE* – In August 2010, fines for an aggregate sum of RMB33,200 were imposed on Winox WFOE by Customs Authority of Dongguan (東莞海關) for its failure to accurately state the volume of goods subject to export customs clearance due to clerical oversight, which led to its failure to pay taxes aggregating RMB32,200. Winox WFOE had subsequently paid such fines in full and thus it is not expected that any additional liability of our Group will arise from such non-compliance.

Customs Authority of Dongguan issued a notice to Winox WFOE in January 2011, informing Winox WFOE that since it had been fined in excess of RMB10,000 due to its previous failures to make accurate customs declarations, if Winox WFOE could not pass the relevant examination within a six month rectification period, Winox WFOE would lose certain administrative preferential treatments and would be subject to more stringent import/export sampling procedures and hence longer customs clearance time. Winox WFOE would also need to pay customs duty deposits (currently at 50%) for the restricted imported materials under the processing trade. During the rectification period, the Customs Authority of Dongguan may instruct Winox WFOE to organise the relevant staff to study the relevant laws and regulations, and to take effective rectification measures. Winox WFOE shall submit a rectification report every three months throughout the rectification period and submit an overall rectification report at the end of the rectification period to the Customs Authority of Dongguan.

Subsequent to the non-compliance as mentioned above, our Group has adopted additional measures including, among others, those set out in the paragraph headed “Internal control measures” below. During the examination period and up to the Latest Practicable Date, our Directors were not aware of any violation of customs rules and regulations by Winox WFOE or the occurrence of any issues which might cause Winox WFOE to lose the administrative preferential treatments. The rectification period will expire on 4 July 2011, which is before the Listing Date. While our Directors are not aware of any legal or other impediment for Winox WFOE to pass the examination, as advised by our PRC legal advisers, there are still risks that Winox WFOE may not pass the examination. Nevertheless, the Directors are of the view that even if we lose the said administrative preferential treatments, there would not be a material adverse effect on our financial position or business operation.

4. Though we had obtained the Certificate for the Use of State-owned Land for our Dalang Factory on 10 April 2003, eight buildings in the Dalang Factory

have not yet obtained and may not be able to obtain the relevant title certificates. The eight buildings account for an aggregate gross floor area of about 14,163.3 sq.m., representing about 30.5% of the total gross floor area of the fifteen buildings in our Dalang Factory. Among the eight building, three of them are factory buildings with a gross floor area of about 11,032.3 sq.m., representing about 23.8% of the total gross floor area of the fifteen buildings in our Dalang Factory, and are currently used for production purposes.

Winox WFOE engaged a building contractor for the construction of the relevant buildings and to complete the necessary governmental approval procedures, including obtaining the Planning Permit for Construction Works (建設工程規劃許可證) and the Permit for Commencement of Construction Works (建築工程施工許可證). However, the contractor failed to obtain the relevant permits and certificates.

We have subsequently applied for the necessary building ownership certificates for three of such buildings with an aggregate gross floor area of about 10,728.3 sq.m., representing about 23.1% of the total gross floor area of the said fifteen buildings. Two of these three buildings are factory buildings housing our production facilities, while the third building houses our guard rooms. Application of which was accepted by the Dalang Office for Completing Property Rights Formalities of Built Properties (大朗鎮已建房屋補辦房地產權手續工作辦公室) (a competent regulatory authority as advised by our PRC legal advisers) (“Dalang Office for CPRF of BP”) on 15 February 2011. The Dalang Office for CPRF of BP has requested us to engage an approved building inspector to conduct a safety inspection (房屋安全鑑定) for one of these factory building in order to continue the application process for the title certificates for the said three buildings. Our Directors currently expect that the inspection will be completed by the end of June 2011, after which we can proceed with the procedure to obtain the building ownership certificates, which we currently expect will be obtained by the end of 2011. As advised by our PRC legal advisers, upon the safety status of the said three buildings being verified by the housing safety inspection institute to have met the relevant building safety requirements, and Winox WFOE submitting the Construction Land Use Permit (建設用地許可證), the Planning Permit for Construction Works (建設工程規劃許可證), the Permit for Commencement of Construction Works (建築工程施工許可證), the Final Completion Acceptance and Inspection for the Record (竣工驗收備案) and other documents required by relevant authorities, there will be no material legal impediments for Winox WFOE to obtain the title certificates of the said three buildings.

We are unable to obtain the necessary building ownership certificates for the other five buildings which have an aggregate gross floor area of about 3,435.00 sq. m., representing about 7.41% of the total gross floor area of the said fifteen buildings, and with an aggregate net book value of about RMB2.0 million (equivalent to about HK\$2.4 million) as at 30 April 2011. Even though we have submitted our application for the building certificate for all the eight buildings, however, the Dalang Office for CPRF of BP considered

that since only the planning permit and construction permit were missing for the aforementioned three buildings whereas the other five buildings who were built under hasty decision and hence lacking proper documentation on the construction plan, do not have sufficient planning and construction documents for their consideration to process the applications, the Dalang Office for CPRF of BP only accepted our application for the aforementioned three buildings but not the other five. One of those five buildings is used by our Group for our acid etching production processes. The remaining four buildings are mainly used for training and warehouse purposes. In view of the insignificant usage of four of such buildings and the easy relocation of the production process in the remaining one building should that be necessary (as outlined below), and the fact that we are unable to obtain the relevant building ownership certificates, we are planning to relocate the acid etching production process and other auxiliary functions to another factory building which has the necessary building ownership certificates by the end of 2011 and demolish the respective buildings afterwards.

Further updates on the obtaining of the aforementioned permits and certificates will be made in our forthcoming annual report. For our risks in relation to the above, please refer to the paragraph headed "Risks relating to our Group – Potential legal defect in certain properties in the PRC where our products are manufactured could adversely affect our ownership and use of such properties" in the "Risk Factors" section of this prospectus for further details.

We have been using such properties for a long time, and up to the Latest Practicable Date, our Group had not received any demand for demolition of such buildings. Our Directors consider that, in the event that the local government authorities require us to demolish all or any of the buildings at the Dalang Factory for which we had failed to obtain the necessary building ownership certificates before the Latest Practicable Date, the impact thereof on our Group's operation should not be material as (i) except for the three factory buildings, the other five buildings are not critical to our business operation; (ii) we may relocate the relevant production lines to the other buildings within the Dalang Factory, or to the Dongfengcun Factory; (iii) we can adjust the remaining production lines at the Dalang Factory and/or the Dongfengcun Factory to meet the production requirements; and (iv) we can also subcontract any ancillary and complementary production process to subcontractors, which we had had experience during the Track Record Period. As advised by our PRC legal advisers, there is no legal impediment for us to implement any of the actions as referred to in (ii) to (iv) above.

As the production facilities that have been set up in the relevant buildings in Dalang Factory with defective titles form part of the production processes, it is not possible to reach a reliable estimate on the impact on the revenue and profit contribution of our Group from such properties with defective titles during the Track Record Period. As at 30 April 2011, the net book value of the eight buildings with defective titles amounted to about RMB13.0 million.

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Together with the cost of demolishing the eight buildings of about RMB0.8 million, relocation cost for our facilities of about RMB0.5 million and a fine of maximum amount of about RMB0.9 million which may impose on us, our maximum financial exposure in relation to the demolition of the eight buildings will amount to about RMB15.2 million. Despite that our Directors are of the view that the possibilities of being required to demolish the eight buildings is remote, should we are required to do so, after taking into account the impact of the maximum exposure on our financial position and business operation, our Directors are of the view that the demolition of the eight buildings would not have any material impact on our Group.

Each of Ming Fung Investment and Winholme Holdings has also agreed to indemnify us against all claims, demands, costs, expenses, fines, actions and liabilities suffered or incurred by us due to our failure to obtain the necessary building ownership certificates in respect of these buildings. Please refer to the section headed “Other information – Estate duty and other indemnities” in Appendix VI to this prospectus for further information about the indemnity.

As the rectifications for the respective non-compliances and irregularities mentioned above had been completed, or there is no material impact on the financial position or the operations of our Group, no provision for any liability relating to the abovementioned non-compliance and irregularities has been made in our financial statements during the Track Record Period.

Save as disclosed above, as advised by our PRC legal advisers, our subsidiaries in the PRC obtained all requisite certificates, permits and licences from the relevant regulatory authorities in the PRC in relation to their establishment and business operations, and complied with the relevant laws and regulations in relation to their operations in all material respects during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of our Group.

INTERNAL CONTROL MEASURES

In light of the non-compliances and irregularities as set out in the paragraph headed “Non-compliance and legal proceedings” above, our Group has implemented, or as the case may be, will implement the following internal control and corporate governance measures to ensure that similar non-compliances and irregularities will not occur in future:

<u>Issues</u>	<u>Measures to ensure compliance</u>
<i>Failure to contribute fully the registered capital of Winox WFOE within the prescribed time</i>	<p>(A) We have assigned the Head of Operations of Winox Enterprise and Winox WFOE to handle and monitor closely regulatory filings and compliance matters for our PRC subsidiaries under the supervision of our in-house lawyer who possess a university degree with legal training and relevant working experience</p> <p>(B) We will retain an external PRC legal advisers for handling or supervising the application procedures for contribution of additional registered capital and other regulatory filings and compliance matters for our PRC subsidiaries in the future</p>
<i>Non-compliance with environmental regulations by Winox WFOE</i>	<p>(A) We will engage reputable and quality external consultants to undertake the construction of environmental protection facilities and handle the regulatory compliance matters with the relevant local environmental protection authority in the PRC in the future. Our internal audit department will also closely monitor the situation to avoid the occurrence of procedural defects</p> <p>(B) Our general affairs department (總務部) who is responsible for managing, among others, our facilities and the working environment, under the supervision of our in-house lawyer with the support from the Head of Human Resources for advice from the operation aspect, will supervise the performance of the external consultants for environmental regulatory compliance matters. Where necessary, we will engage external PRC legal advisers to provide legal advice as to the handling of environmental regulatory compliance matters, who will report directly to the senior management of our Group</p>

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Issues	Measures to ensure compliance
<i>Non-compliance with export customs regulations by Winox WFOE</i>	<p>(A) We have arranged our inventory handling and customs clearance staff to attend training and seminars organised by the Customs Authority of Dongguan to enhance their management skills and awareness of customs clearance matters</p> <p>(B) We have adopted a more stringent customs clearance procedures and filing system, such as cross-departmental accuracy verifications before making delivery, to reduce the margin for human error</p> <p>(C) Our in-house lawyer will closely monitor the changes in and updates on the relevant custom regulations to ensure our operations and procedures are comply with the latest applicable rules and regulations on customs related matters</p>
<i>Lack of building ownership certificates for certain buildings in Dalang Factory due to failure to obtain the relevant permits and licences when the buildings were constructed</i>	<p>(A) We will engage reputable and quality building contractors based on their quality and recommendation from the local authorities in handling future construction works and ensuring compliance with the relevant regulatory compliance matters</p> <p>(B) We will retain an external PRC legal advisers for supervision together with our in-house lawyer and, where necessary, provision of legal advice on the application of the relevant licences and permits in relation to future construction works</p>

In November 2010, we have engaged an internal control adviser (the “Internal Control Adviser”) to undertake an evaluation of the internal control procedures of our Group. During the internal control review, our Internal Control Adviser has reviewed the internal control environment of our Group and, among others, the aforementioned remedy actions and preventive measures implemented by the Group against the non-compliance and irregularities of the Group during the Track Record Period and is satisfied that such measures have addressed the internal control deficiencies in relations to the respective non-compliances and irregularities.

In addition, our Internal Control Adviser has identified certain deficiencies in, among others, the reporting process and operation process of, our internal control system during their review of it and has recommended remedial measures to enhance our internal control system. Upon receipt of the recommendations made by the Internal Control Adviser in late 2010, our Group had adopted the remedial measures recommended by

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the Internal Control Adviser by the end of the first quarter of 2011 and the Internal Control Adviser is satisfied that relevant remedial measures as recommended have been implemented by our Group. Nevertheless, none of the deficiencies in our Group's internal control system as identified by our Internal Control Adviser were considered to be material, which may have a severe negative impact on the reporting and operation of our Group, by them.

To ensure that the respective non-compliance and irregularities will not occur again, and to further enhance the internal controls and corporate governance of our Group as well as in preparation of the Listing, we intend to adopt or have adopted the following measures to further strengthen our internal control system:

- (A) We have formed an internal control committee (the "**Internal Control Committee**") in June 2011, comprising of our managing Director, chief executive officer and head of internal audit. Our Internal Control Committee is responsible for the implementation of the remedial plans recommended by our audit committee of the Board (the "Audit Committee") based on the reports of our internal audit department, so as to ensure our compliance with the Listing Rules and the relevant laws and regulations in the PRC and Hong Kong.
- (B) We will establish an internal audit department before the Listing, which will initially consist of the head of internal audit with one to two supporting staff. The head of internal audit will be a qualified accountant who possesses relevant auditing experience to monitor and oversee daily operation of internal control matters. The internal audit department will report to our Audit Committee directly on a quarterly basis to ensure that our Group's operations are in compliance with the applicable laws, rules and regulations, and recommend remedial plans for any internal control deficiencies identified. Our Audit Committee will give instructions to our Internal Control Committee for the implementation of any remedial plans should there be any internal control deficiencies, and our Internal Control Committee will ensure that all the recommended remedial plans are implemented. The internal audit department will also closely monitor the capital investment made by our Group to ensure that all the newly added facilities will commence operation only after all relevant certificates and licenses are obtained.
- (C) We have revised the corporate structure of Winox WFOE such that our in-house lawyer and the Head of Operations of Winox WFOE will oversee the customs clearance, operation of the environmental protection facilities as well as other material operations of Winox WFOE together so as to ensure compliance with the relevant PRC laws and regulations. Winox WFOE will conduct regular departmental meeting to review its operations and our in-house lawyer and the Head of Operations of Winox WFOE will report any irregularities identified to the head of internal audit of our Company.
- (D) We have appointed (1) Mr. Chau Kam Wing Donald, who has over 20 years of experience in auditing, taxation and financial management, as our financial consultant since May 2010 and Mr. Chau has been appointed as Finance

Director of our Company on 11 March 2011 to oversee the financial reporting and internal control functions of the Group; and (2) Ms. Chan Miu Ting, who has over 18 years of experience in corporation law, Listing Rules compliance, corporate governance and other compliance matters, as our Company's internal legal counsel and company secretary in August 2010 for overseeing the corporate governance and legal compliance matters of our Group. Please refer to the section headed "Directors, senior management and staff" of this prospectus for the respective biography of Mr. Chau and Ms. Chan. Mr. Chau is supported by Ms. Ng Lai Chun, the senior finance manager of our Company and the Head of Accounts of Winox Enterprise and Winox WFOE whose biography is set out in the section headed "Directors, senior management and staff" of this prospectus, and the 31 staff responsible for the finance and accounting functions of our Group of whom the majority holds finance or accounting related qualifications. Ms. Chan is assisted by our retained external PRC legal counsel, a qualified PRC law firm, in handling PRC legal matters of our Group and an in-house PRC qualified lawyer, who has over 4 years of experience in PRC related legal matters and is responsible for handling and supervising all PRC regulatory filing and compliance issues.

- (E) We will expand the scope of legal work of our retained external PRC legal counsel for legal advisory on compliance with the applicable PRC laws and regulations after Listing. We will implement various training programs, with the support of our retained external PRC legal counsel, to update our Directors, senior management and relevant employees on the relevant PRC laws and regulations.
- (F) We will continue to engage the Internal Control Adviser as our internal control adviser after the Listing to conduct annual review on our Group's internal control procedures for at least one year after the Listing and, subject to the recommendation of the Audit Committee, extend its engagement for further terms. The review will focus on the status of implementation of the recommended remedial actions in areas where deficiencies and weaknesses were identified, the effectiveness of our internal control measures implemented, and the standards and effectiveness of our corporate governance, operations and management to ensure our compliance with the Listing Rules and the applicable laws and regulations in the PRC and Hong Kong. We will disclose any material irregularities identified during such review in our interim and annual reports.
- (G) We have formed the Audit Committee in June 2011, which will establish formal and transparent arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations, including timely preparation and laying of accounts.
- (H) In addition to the Audit Committee, we have also formed the remuneration committee and nomination committee in June 2011 to ensure compliance with the Listing Rules and relevant laws and regulations. Please refer to the section headed "Directors, senior management and staff – Board committees" of this prospectus for details.

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- (I) We have appointed Haitong Int'l Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advice to our Directors and management team regarding matters relating to the Listing Rules. Please refer to the section headed "Directors, senior management and staff – Compliance adviser" of this prospectus for details.

In light of the above measures, our Directors take the view, and our Sole Sponsor concurs, that we have adequate internal control procedure and policies in place to prevent further occurrence of non-compliance.

INSURANCE

We maintain insurance for our offices, motor vehicles, manufacturing facilities and inventories in the PRC and Hong Kong. We also maintain insurance against losses of cargo shipments in connection with our shipment of products to our customers, and personal injury and medical treatment insurances for our Hong Kong staff seconded to or stationed in the PRC. We have also maintained two life insurances of Mr. Yiu for the benefit of the Company and a financial institution as required under the loan financing arrangement with the said financial institution.

Social insurance is provided for our employees including insurance for retirement, unemployment, sickness, injury and maternity as required by the PRC social security regulations or local policies of Dongguan where our operations in the PRC are located. As at the Latest Practicable Date, we had not been subject to any insurance claims which were material to us. For Winox WFOE, the Dongguan Social Security Department Dalang Sub-Branch (東莞市社會保障局大朗分局) (a competent regulatory authority as advised by our Company's PRC legal advisers) had confirmed in March 2011 that Winox WFOE had complied with the relevant laws and regulations in respect of social insurance.

Our Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Cap.485 of the Laws of Hong Kong) for all of its employees in Hong Kong who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of our Group in an independent administered fund. Our Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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EMPLOYEES

Our Group had over 3,000 full-time employees as at 31 December 2010. The following table shows a breakdown of its employees by division or function as at 31 December 2010:

<u>Area of operation</u>	<u>Number of employees</u>	<u>Percentage of total</u>
Management	11	0.4%
Production	2,714	88.1%
Sales and marketing	15	0.5%
Research and development and design	80	2.6%
Business operations (<i>Note</i>)	130	4.2%
Finance and accounting	31	1.0%
General administration	100	3.2%
Total	<u>3,081</u>	<u>100.0%</u>

Note: This includes purchasing, information technology, and quality control and assurance.

Our total staff costs for the three years ended 31 December 2008, 2009 and 2010 were about HK\$76.4 million, HK\$70.7 million and HK\$94.0 million respectively, which accounted for about 23.5%, 27.5% and 23.6% of our total turnover in the corresponding periods.

Our Group recognises the importance of good relationship with its employees. Our Directors believe that the working environment and benefits offered to our Group's employees have contributed to building good staff relations and retention. We estimate that the average turnover rate of our employees was about 7.3% for the year ended 31 December 2010. We believe that our relatively low turnover rate is attributable to our commitment to staff welfare and good working environment. Our Group continues to provide training for its staff to enhance technical knowledge as well as knowledge of industry quality standards. Our Directors believe such initiatives have contributed to the increased employee productivity.

We seek to grow our management team internally through effective training and promotion programs. We contribute to our employee's social insurance, provident housing fund and certain other employee benefits in accordance with PRC laws and regulations. We adhere strictly to statutory employment standards and those requested by our customers, such as wages and working hours, and maintain appropriate internal standards and workplace practices. We have been accredited with SA8000:2008, an international standardised code of conduct on working conditions, in January 2008. These certifications represent a key achievement in our commitment to corporate social responsibility and our focus on staff development and welfare.

Under the relevant PRC laws and regulations, our PRC subsidiaries are required to make contributions to several employee social and welfare schemes.

As at the Latest Practicable Date, our Group had not experienced any significant problems with our employees or disruption to our operation due to labour disputes, nor had our Group experienced any difficulties in the recruitment and retention of experienced staff.

OCCUPATIONAL SAFETY

To ensure that our production facilities comply with the applicable safety standards, we have established operational safety guidelines and manuals, such as fire safety manual and production safety manual, which set out the requisite requirements and procedures to be adhered to for the prevention of accident in our production facilities. All of our production facilities are required to be thoroughly tested before commencement of production. All operators of production facilities are required to be trained before they are allowed to operate the facilities. Training sessions are provided on the required safety and hygiene standards. As a result, we have maintained a low average injury rate among our staff at our production facilities. During the Track Record Period, we had not experienced any material or prolonged stoppages of production due to production facilities failure and we had not experienced any major accidents during our production process. We are not aware that any toxic substance produced during our manufacturing processes has caused personal injuries. As at the Latest Practicable Date, our production facilities complies with all applicable laws, regulations and standards in relation to safety. In March 2011, Dongguan City Administration of Work Safety Dalang Sub-Branch (東莞市安全生產監督管理局大朗分局) and Boluo County Administration of Work Safety (博羅縣安全生產監督管理局) (each being a competent regulatory authority as advised by our Company's PRC legal advisers) had confirmed that we had complied with the relevant laws and regulations in respect of work safety.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group was the registered owner of four trademarks in Hong Kong and three trademarks in the PRC. For further information on these intellectual property rights, please refer to "Appendix VI – Intellectual property rights" to this prospectus.

PROPERTIES

Set out below is a summary of our property interests in the PRC and Hong Kong. For further details, please refer to Appendix IV to this prospectus.

Owned properties

We own the land and buildings constituting our Dalang Factory. Details of our interests in and title defects of the Dalang Factory has been set out in the paragraphs headed "Manufacturing facilities and machinery" and "Non-compliance and legal proceedings" above and in the paragraph headed "Risks relating to our Group – Potential legal defect in certain properties in the PRC where our products are manufactured could adversely affect our ownership and use of such properties" in the "Risk factors" section of this prospectus.

We also owned six residential units situated at Ming Fung Dongjiang Garden Liaozai Village, Yuanzhou Town, Boluo County, Huizhou, Guangdong Province, the PRC with an aggregate gross floor area of about 1,016.9 sq.m. The residential units are used by us as senior management staff quarters.

Leased properties and the operating rights of land

Huizhou WFOE, as tenant, has entered into a lease agreement with Ming Fung Kitchen in May 2011 for the leasing of our Dongfengcun Factory located at Dongfengcun, Boluo County, Huizhou, Guangdong Province, the PRC with an aggregate site area of about 6,666 sq.m. comprising four buildings with a gross floor area of about 3,730 sq.m. for an initial term of two years with option to renew on the same terms, for carrying out our stainless steel mobile phone cases manufacturing operations at our Dongfengcun Factory, the details of which are set out in the paragraph headed "Manufacturing facilities

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and machinery” above. Our Dongfengcun Factory has been leased by us for temporary production use pending completion of our planned development of our own production facilities at Huzhen, Huizhou, further details of which are set out in the paragraph headed “Business strategies – Expansion of production capacity”. Further details of the above transaction have been set out in the paragraph headed “Continuing connected transactions – 3. Exempt continuing connected transaction – PRC lease agreement” in the “Relationship with the Controlling Shareholders” section of this prospectus.

To enhance our chances of acquiring and obtaining the land use rights over the land in the future, Huizhou WFOE have obtained the operating rights of land (土地承包經營權) in respect of five parcels of land (the “Huzhen Site”) in Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC, which are village-collectively-owned land for husbandry uses with an aggregate site area of about 697,666.67 sq.m., in January 2010 for a consideration of RMB16.3 million (equivalent to about HK\$19.2 million) from two Independent Third Parties of which RMB14.0 million (equivalent to about HK\$16.5 million) had been paid during the year ended 31 December 2010. As advised by our PRC legal advisers, the said consideration of RMB16.3 million will be regarded as part of the payment by us for part of the consideration payable by us for the acquisition of the Huzhen Site. The Huzhen Site is currently vacant, and it is part of our future plans to establish our Huzhen Factory at the Huzhen Site, the details of which are set out in the paragraph headed “Business Strategies – Expansion of production capacity” above.

As confirmed by the Boluo Huzhen People’s Government in November 2010, it had agreed to use its endeavours to coordinate with the relevant land bureau for the grant to us of the requisite construction land quota (建設用地指標) for the acquisition of land in Huzhen for an area of initially 300 mu (equivalent to about 200,000 sq. m.) by end of 2011, and for an area of 700 mu (equivalent to about 466,667 sq. m.) by end of 2013. The Boluo Huzhen People’s Government has also confirmed to us in March 2011 that it will use its best endeavours to procure that an area of 300 mu (equivalent to about 200,000 sq.m.) at the Huzhen Site will be made available for development purpose after compliance with the applicable approval (for land expropriation and conversion of usage) and auction procedures. Under the applicable PRC laws, the procedures of auction for construction land use right could be summarised as follows: (i) the land resource administration bureau (the “assignor”) shall issue an announcement in respect of public auction for a particular parcel of land; (ii) the bidding applicants who satisfy the requirements of the announcement can, at specified time and location, openly bid for the parcel of land; (iii) after determining the winning bidder by holding a competitive public auction, the assignor and the winning bidder shall then enter into a confirmation; (iv) the assignor and the winning bidder shall enter into a grant contract for the assignment of construction land use right at a time and venue set out in the confirmation; and (v) the winning bidder shall pay up the land grant premium, and the land resource administration bureau shall issue the land use right to the winning bidder. However, as advised by our PRC legal advisers, we have to overcome potential legal obstacles and complete certain legal procedures to achieve the intended use and acquisition of the Huzhen Site for the purposes of our Huzhen Factory expansion plans. Please refer to the paragraph headed “Risks relating to our Group – We face various legal obstacles and procedures with respect to our future plans for our Huzhen Factory” in the “Risk Factors” section of this prospectus for details.

Winox Enterprise, as tenant, has entered into a tenancy agreement with Mr. Yiu for the leasing of a property located at Rooms 2B, 2C and 3, 1st Floor, Sunray Industrial Centre, 610 Cha Kwo Ling Road, Yau Tong, Kowloon, Hong Kong for warehouse and ancillary office purposes for a term of two years. Further details of the above transaction have been set out in the paragraph headed “Continuing connected transactions – 2. Exempt continuing connected transaction – Hong Kong tenancy agreement” in the “Relationship with the Controlling Shareholders” section of this prospectus.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

I. INFORMATION ON OUR CONTROLLING SHAREHOLDERS

Mr. Yiu and Ms. Law Wai Ping, our Controlling Shareholders, are interested and deemed to be interested in a total of 66% of the issued share capital of our Company immediately after the completion of the Share Offer (assuming that the Over-allotment Option is not exercised). Mr. Yiu and Ms. Law Wai Ping, through various companies controlled by them, are interested in different businesses (other than those of our Group) (the “**Non-Group Businesses**”). Certain associates of the Controlling Shareholders have been having or will have (as the case may be) on-going transactions in their ordinary course of business with our Group during or after (as the case may be) the Track Record Period. Certain of these transactions (as set out below) will continue after the Listing.

Set out below is a brief summary of certain operating Non-Group Businesses.

Name of company/ business/individual	Nature of current or proposed/future business (directly or indirectly held)
Ming Fung Fund Limited	Property investment (for development) in the PRC
Ming Fung Limited, Kan Park Developments Limited, 博羅明豐置業有限公司(Boluo Ming Fung Zhiye Limited*, the vendor of six residential units for use by our Group as staff quarters, the details of which are set out in Appendix IV – Property valuation, to this prospectus) and Mr. Yiu	<ul style="list-style-type: none"> – Property investment (for development) in the PRC – Hotel project (at an early development stage) in the PRC – Operation of a farm in the PRC
Ming Fung Farm Limited	Property investment (for development) in the PRC
Ming Fung Silverhair Industry Investment Management Limited	Provision of services for the elderly in the PRC
Pan Ocean Properties Limited	Development of commercial properties and property investment in the PRC
Sellmure Investments Limited	Sale of jewellery and costume jewellery on the internet
Plenty China Enterprises Limited	Operation of the 摩菲廸曼 (MFDiamond) brand retail sales of jewellery products

Except as disclosed above, as at the Latest Practicable Date, Mr. Yiu and Ms. Law Wai Ping did not have any other material private businesses. None of the above businesses compete with our Group’s businesses. Each of the Controlling Shareholders and the Directors confirm that he/she/it does not have any interest in a business apart from our business which competes or is likely to compete with us.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Our Group's primary business focus and strategy is the development and manufacture of stainless steel products (as detailed in the section headed "Business" in this prospectus) on an OEM basis, which is different from the Non-Group Businesses. As such, the Non-Group Businesses operated by certain associates of the Controlling Shareholders have not been included in our Group. The associates of the Controlling Shareholders have no current intention to inject any of the Non-Group Businesses into our Group.

II. CONTINUING CONNECTED TRANSACTIONS

After the Listing, the following on-going transactions entered into in our Group's ordinary course of business will constitute our continuing connected transactions under the Listing Rules.

1. Exempt continuing connected transaction – Provision of administrative services

While we maintain our own staff for various administrative support functions, namely, company secretarial service, accounting and human resources services, our Group (through our wholly owned subsidiary, Winox Management) has been providing administrative support in such areas to Ming Fung Investment Holdings Limited ("MFIH", a company wholly owned by Mr. Yiu and formerly known as Harvest Ever (China) Limited) which is principally engaged in the business of provision of administrative services since 1 September 2010. This arrangement can be terminated by Winox Management or MFIH giving three months' prior notice in writing to the other. The charges payable by MFIH under the relevant administrative services agreement are determined based on cost of the services and the time spent by our Group's relevant administrative staff as recorded monthly and calculated in proportion to their departmental monthly charges. The aggregate of the charges paid by MFIH from 1 September 2010 to 31 December 2010 was about HK\$345,000. This transaction is exempt pursuant to Rule 14A.33(2) of the Listing Rules.

During the Track Record Period, MFIH provided administrative support services to our Group, amounting to about HK\$1,071,000, HK\$1,086,000 HK\$1,181,000, respectively. We ceased to engage the services of MFIH from 1 September 2010. The Directors are of the view that such related party transactions were conducted on an arm's length basis and on normal commercial terms.

2. Exempt continuing connected transaction – Hong Kong tenancy agreement

Our Group has entered into a tenancy agreement as tenant (the "Tenancy Agreement") with Mr. Yiu (a Director and Controlling Shareholder, hence a connected person of our Company under the Listing Rules once the Shares are listed on the Stock Exchange). The Tenancy Agreement will continue after the Listing and will constitute an exempt continuing connected transaction of our Company under

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Rule 14A.33(3) of the Listing Rules. Particulars of the Tenancy Agreement are set out below:

Commencement date of the tenancy	Landlord	Tenant	Usage by the Group	Term	Annual rental	Property
1 January 2011	Mr. Yiu	Winox Enterprise	Warehouse and ancillary offices	Two years	HK\$402,360	Rooms 2B, 2C and 3, 1st Floor, Sunray Industrial Centre, 610 Cha Kwo Ling Rd., Yau Tong, Kowloon, Hong Kong

The above premises has been rented by Winox Enterprise from Mr. Yiu since 1 January 2009 and the annual rent paid by Winox Enterprise to Mr. Yiu for each of the two years ended 31 December 2010 amounted to HK\$402,000 and HK\$402,000, respectively.

According to a rental appraisal report issued by an independent property valuer, DTZ Debenham Tie Leung Limited, the annual market rental chargeable under the Tenancy Agreement is fair and reasonable and reflects market rates.

Since the total annual rental payable by our Group pursuant to the Tenancy Agreement will be less than the applicable percentage ratios and HK\$1 million, the transaction will fall within Rule 14A.33 of the Listing Rules and is exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

3. Exempt continuing connected transaction – PRC lease agreement

Huizhou WFOE (our wholly owned subsidiary) has entered into a lease agreement as tenant (the "**Lease Agreement**") with Ming Fung Kitchen (a company, which intends to carry on the business of manufacturing and distribution of kitchenware, whose shareholder entered into an entrustment agreement (代持協議) with Mr. Yiu to hold the entire equity interest in such company on behalf of Mr. Yiu (a Director and Controlling Shareholder, hence a connected person of our Company under the Listing Rules once the Shares are listed on the Stock Exchange)), under which Ming Fung Kitchen has agreed to lease our Dongfengcun Factory to Huizhou WFOE.

Pursuant to the Lease Agreement, Huizhou WFOE has the right to terminate the Lease Agreement at any time during the term of the lease, and has been granted the right to renew the lease on the same terms upon its expirations. Our Dongfengcun Factory is used by our Group to operate the stainless steel mobile phone cases production line for temporary production use pending completion of our planned development of our own production facilities at the Huzhen Site, details of which are set out in the section headed "Future plans and use of proceeds from the Share Offer" and the paragraphs headed "Business – Business strategies – Expansion of production capacity" and "Business – Properties – leased properties and the operating rights of land" of this prospectus.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

The Lease Agreement will continue after the Listing and, thus, will constitute an exempt continuing connected transaction of our Company. No similar arrangements have been entered into by the Group during the Track Record Period. Particulars of the Lease Agreement are set out below:

Date of the Lease Agreement	Lessor	Lessee	Usage by the Group	Term	Annual rental	Land
23 May 2011	Ming Fung Kitchen	Huizhou WFOE	Operation of production line	Two years	RMB 660,000	Dongfengcun, Boluo County, Huizhou, Guangdong Province, the PRC

According to a rental appraisal report issued by an independent property valuer, DTZ Debenham Tie Leung Limited, the annual market rental chargeable under the Lease Agreement is fair and reasonable and reflects market rates.

Since the total annual rental payable by our Group pursuant to the Lease Agreement will be less than the applicable percentage ratios and HK\$1 million, the transaction will fall within Rule 14A.33 of the Listing Rules and is exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

4. Exempt continuing connected transaction – Transportation services

Winox Enterprise has entered into a transportation service agreement (the "**Transportation Services Agreement**") on 11 March 2011 with Hong Kong Tung Fat Transportation Limited ("**Tung Fat**", a company which is wholly owned by Ms. Yiu, the sister of Mr. Yiu, and the husband of Ms. Yiu and is principally engaged in the business of provision of transportation services) to engage Tung Fat to provide transportation services for the delivery of our products from the Group's factory in the PRC to Hong Kong. The Transportation Services Agreement will continue after the Listing and will constitute an exempt continuing connected transaction of our Company under Rule 14A.33(3) of the Listing Rules. The fees payable by Winox Enterprise under the Transportation Services Agreement are based on the amount of products under each delivery order.

During the Track Record Period, the fees paid by Winox Enterprise to Tung Fat amounted to about HK\$346,000, HK\$289,000 and HK\$262,000, respectively.

Although the Group has also engaged another transportation services provider during the Track Record Period for the provision of transportation services at prices comparable to those of Tung Fat, considering the fact that we manufacture valuable products, we require and trust the secured and reliable transportation services provided by Tung Fat and such continuing connected transaction is required for the purposes of our ordinary course of business. Our Directors consider that such transactions are conducted on normal commercial terms and are fair and reasonable to the Company and to the Shareholders as a whole. Based on the expectation that the total annual fees payable by our Group pursuant to the Transportation Services Agreement will be less than the applicable percentage ratios and HK\$1 million, the transaction will fall within Rule 14A.33 of the Listing Rules and is exempted from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

5. Opinion of our Directors

Our Directors (including our independent non-executive Directors) have confirmed that all the above-mentioned continuing connected transactions have been entered into and are in the ordinary and usual course of business on normal commercial terms, and are fair and reasonable to our Group and are in the interests of our Shareholders as a whole.

6. Confirmation from the Sponsor

The Sole Sponsor considers that the above continuing connected transaction have been entered into and are in the ordinary course of business of our Group on normal commercial terms and are fair and reasonable and in the interest of our Shareholders as a whole.

III. INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Our Group is capable of carrying on our business independently of the Non-Group Businesses (as referred to in the section headed "I. Information on our Controlling Shareholder" above). We are engaged in the development and manufacture of stainless steel products (as detailed in the section headed "Business" in this prospectus) on an OEM basis, which is completely different from the Non-Group Businesses. Furthermore, for the reasons set out below, our Directors also consider that we are not reliant on the Non-Group Businesses.

1. Management team

All of our executive Directors and senior management are full time officers and employees of our Group. Each of the executive Directors has also entered into a service contract with our Company for a term of three years.

2. Board structure

Our Board comprises eight Directors, of whom four are executive Directors, one is non-executive Director and three are independent non-executive Directors. The three independent non-executive Directors have extensive experience in different areas or professions and have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions.

Our Directors believe that the fact that our Directors have different backgrounds provides a balance of opinion among them. Furthermore, the Board acts collectively by an at least majority decision in accordance with the Articles of Association, and no single Director is allowed to enter into any agreement or transaction or decide on any matters on behalf of our Company unless authorized by the Board or in accordance with the Articles of Association. Save for Mr. Yiu and Ms. Law Wai Ping (an executive Director and the spouse of Mr. Yiu), Mr. Au Wai Ming (a non-executive Director), and Mr. Lee Man Hei Jeff (a member of the senior management), there are no other common directors or senior management members between our Group and the Non-Group Businesses. Mr. Yiu is primarily responsible for our Group's overall strategic planning and policies as well as the overall business management and Ms. Law Wai Ping is primarily responsible for the Group's corporate resources management, and, in any event, both of them have been devoting, and will continue to devote, most of their time and efforts on the businesses of the Group.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

3. Disclosure of interest, participation in Board meeting and voting

According to the Articles of Association, if any Director is in any way, directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company (“Interested Director”), he will declare the nature of his interest to the Board at his earliest convenience.

In addition, such Interested Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving such contract or arrangement or other proposal in which he or any of his associates is to his knowledge materially interested except in certain circumstances as set out in the Articles of Association as summarised in Appendix V to this prospectus.

However, the Articles of Association also provide that, as a matter of good corporate governance practice, an Interested Director shall excuse himself from any Board meeting, or the relevant part of the meeting, at which matter(s) in which he has a material interest is (are) discussed, unless he is specifically requested to attend or to remain in the meeting by the Directors who have no interest in such matter(s).

According to the Articles of Association, each Director is entitled to one vote in meetings of the Board and a simple majority is required to approve any business considered therein.

Thus, under the Articles of Association, Mr. Yiu and Ms. Law Wai Ping shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest. He/she shall also excuse himself/herself from the relevant Board meeting or part of any meeting of the Board and shall not participate in any discussion in respect of any resolution where any contract or arrangement or other proposal in which he or any of his associates has a material interest is discussed or resolved, unless his participation at such meeting of the Board is specifically required by the remaining Directors or as otherwise provided in the Articles of Association. As there are eight members in our Board, even if Mr. Yiu and Ms. Law Wai Ping are in conflict with respect to any resolution, the remaining Directors, including the two executive Directors who are responsible for the daily operations of our Group, can still attend to and consider the relevant proposal(s) and the operation of our Group will not be affected. Based on the above circumstances and reasons, our Directors are of the view that our Directors and senior management are able to function independently of the Non-Group Businesses.

4. Operational independence

Although the Controlling Shareholders will retain a controlling interest in our Company after the Listing, our Board has full rights to make all decisions on, and to carry out, our business operations independently. Although both of Mr. Yiu, being the Controlling Shareholder of our Company, and his wife are executive Directors, our Company has its own management team, of which, other than Mr. Lee Man Hei Jeff who is the nephew of Mr. Yiu, is independent of the Controlling Shareholders.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

We operate independently from the Controlling Shareholders and their respective associates as (i) we have established our business independent of that of the Controlling Shareholders; and (ii) the business nature of each of the Non-Group Businesses is distinct from the nature of our business.

We have our own design and product development team and production facilities. We have independent access to production materials and other supplies for our own production. Save as disclosed in this section above, none of the Controlling Shareholders is a supplier or intermediary for our supplies. Our products are sold directly, and we have independent access, to our customers.

5. Financial independence

We have our own accounting and finance department and independent financial system and make financial decisions according to our own business need. We also have our own treasury function and independent access to third party financing.

During the Track Record Period, Mr. Yiu and an associate of the Controlling Shareholders provided guarantees and security in favour of our Group's borrowings in the amount of about HK\$36.4 million, HK\$69.1 million and HK\$139.5 million as at 31 December 2008, 2009 and 2010, respectively. For details of guarantees and security provided by related parties for the benefit of our Group, please refer to note 26 to the accountants' report set out in Appendix I to this prospectus.

The Directors have confirmed that, as at the Latest Practicable Date, the relevant lenders of our bank loans (for which guarantees and security from Mr. Yiu and the associate of the Controlling Shareholders were required) had agreed to release all the said guarantees and security upon the Listing becoming effective and a corporate guarantee being given by our Company in place of the relevant guarantees and security, and other than in the ordinary course of the relevant continuing connected transactions mentioned above in this section, we are not indebted to any of the Controlling Shareholders.

IV. NON-COMPETITION UNDERTAKING

On 25 June 2011, Mr. Yiu and Ms. Law Wai Ping entered into a non-competition deed with our Company under which each of Mr. Yiu and Ms. Law Wai Ping has undertaken that he/she will not, and will procure that his/her associates (other than members of our Group) will not:

- (a) directly or indirectly whether as principal or agent or through any person, firm, company or organisation carry on, participate or be interested or engaged in any business in any form or manner that is, directly or indirectly, in competition with the business of any member of our Group in the PRC, Hong Kong or any part of the world in which any member of our Group may from time to time operate;
- (b) directly or indirectly, solicit, interfere with or entice away from any member of our Group any person, firm, company or organisation who, to Mr. Yiu and/or

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Ms. Law Wai Ping's knowledge, as at the date of the deed, was or had been or would after the date of the deed be, a customer, supplier, distributor or management, technical staff or employees (of managerial grade or above) of any member of our Group; and

- (c) will not exploit his/her knowledge or information obtained from our Group to compete, directly or indirectly, with the business carried on by our Group from time to time.

The above undertakings are subject to the following exceptions:

- (i) Mr. Yiu, Ms. Law Wai Ping and/or his/her associates are entitled to invest, participate and be engaged in any activity as mentioned in paragraphs (a) to (c) above ("Restricted Activity"), regardless of value, which has first been offered or made available to our Group, provided always that (1) information about the principal terms thereof has been disclosed to our Company and our Company has, after review and based on the opinion of the independent non-executive Directors, within one month from the date of receipt of such information confirmed that it does not wish to be involved or engaged, or to participate, in the relevant Restricted Activity and such decision is publicly announced by our Company setting out the reasons for not taking up the business opportunity, and (2) the principal terms on which Mr. Yiu, Ms. Law Wai Ping and/or his/her associate(s) invest, participate or engage in the Restricted Activities are substantially the same as or not more favourable than those disclosed to our Company. Subject to the aforesaid, if Mr. Yiu, Ms. Law Wai Ping and/or his/her associate(s) (as the case may be) decide to be involved, engaged, or participate in the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company as soon as practicable but in any event before any binding commitment is entered into by Mr. Yiu, Ms. Law Wai Ping and/or his/her associate(s) (as the case may be); and
- (ii) the above undertakings do not apply to the holding of or interests in shares or other securities in any company which conducts or is engaged in any Restricted Activity, provided that, in the case of such shares, they are listed on a stock exchange and either:
 - (a) the relevant Restricted Activity and assets relating thereto account for less than 10% of the relevant company's consolidated turnover and consolidated assets, respectively, as shown in that company's latest audited consolidated accounts; or
 - (b) the total number of shares held by Mr. Yiu, Ms. Law Wai Ping and his/her associates (as the case may be) or in which they are together interested does not amount to more than 10% of the issued shares of the company in question, provided that Mr. Yiu, Ms. Law Wai Ping and his/her associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS

Our Board consists of eight Directors, three of whom are independent non-executive Directors. The following table sets forth certain information relating to our Directors:

Name	Age	Group position
Executive Director		
Mr. Yiu Hon Ming (姚漢明)	52	Chairman and managing Director
Ms. Law Wai Ping (羅惠萍)	47	Executive Director
Mr. Chau Kam Wing Donald (周錦榮)	48	Finance Director
Ms. Zhou Hui Elizabeth (周洵)	47	Executive Director
Non-executive Director		
Mr. Au Wai Ming (歐偉明)	64	Deputy chairman and non-executive Director
Independent non-executive Director		
Mr. Ma Weihua (馬蔚華)	63	Independent non-executive Director
Mr. Carson Wen (溫嘉旋)	58	Independent non-executive Director
Professor Wong Lung Tak Patrick (黃龍德)	63	Independent non-executive Director

Executive Directors

Mr. Yiu Hon Ming (姚漢明)

Mr. Yiu Hon Ming, aged 52, is our Chairman and managing Director. Mr. Yiu is the founder of the Group and is responsible for the overall strategic development of our business as well as implementing our strategic objectives and business plans. He is also a director of every subsidiary of our Company. Mr. Yiu has also been operating board meetings and coordinating between the Directors, and providing leadership to our Board. Thus, Mr. Yiu occupies both the positions of Chairman and Managing Director of our Company. Prior to establishment of the Group, Mr. Yiu was a founder of Ming Fung Metal Manufacturing Limited, a Hong Kong company whose principal business was the manufacturing of watch bracelets, watch cases and leather strap buckles. He acted as a director of the company from July 1983 to December 2007. As Mr. Yiu and Ms. Law Wai Ping considered that Ming Fung Metal Manufacturing Limited principally targeted at the mid-range watch market which was different from the business focus of our Group, Mr. Yiu and Ms. Law Wai Ping both decided to dispose of their interest in the company in 2007, so that they could focus on our Group's business development. He has also founded other businesses unrelated to those of our Group, and they include, real estate investment and development, and jewellery retail businesses, further details of which are set out in the section headed "Relationship with the Controlling Shareholders" in this prospectus. Mr. Yiu completed a business management course organised by 清華大學繼續教育學院 (the School of Continuing Education of Tsinghua University*) in April 2007. Mr. Yiu has over 27 years of experience in the metal product manufacturing industry and is currently a

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member of The Chinese People's Political Consultative Conference of Guangdong Province. Mr. Yiu is the husband of Ms. Law Wai Ping, an executive Director and the uncle of Mr. Lee Man Hei Jeff, a senior management member of the Company. Mr. Yiu was appointed as a Director on 28 January 2010. In the three years preceding the Latest Practicable Date, Mr. Yiu did not hold any directorship in any other listed company.

Ms. Law Wai Ping (羅惠萍)

Ms. Law Wai Ping, aged 47, is one of our executive Directors. Ms. Law joined us in 2000 and is primarily responsible for our Group's corporate resources management and also partakes in formulating the development strategy of our Group. Ms. Law Wai Ping was appointed as a director of Ming Fung Metal Manufacturing Limited, a Hong Kong company whose principal business was the manufacturing of watch bracelets, watch cases and leather strap buckles in November 1988. Ms. Law was responsible for its day-to-day management until December 2007. As Mr. Yiu and Ms. Law Wai Ping considered that Ming Fung Metal Manufacturing Limited principally targeted at the mid-range watch market which was different from the business focus of our Group, Mr. Yiu and Ms. Law Wai Ping both decided to dispose of their interest in the company in 2007, so that they could focus on our Group's business development. Ms. Law has over 20 years of experience in the management of metal product business. She is also director of Glorify Land, Feng Cai, Winox Management, Winox Enterprise, Winox WFOE and Max Surplus. Ms. Law is the wife of Mr. Yiu, an executive Director. Ms. Law was appointed as a Director on 11 March 2011. In the three years preceding the Latest Practicable Date, Ms. Law did not hold any directorship in any other listed company.

Mr. Chau Kam Wing Donald (周錦榮)

Mr. Chau Kam Wing, Donald, aged 48, was the financial consultant of the Group since May 2010 and has been appointed as Finance Director of the Company on 11 March 2011 and is responsible for overseeing the financial management of the Group. From March 2007 to May 2010, Mr. Chau, acting as the financial consultant to Ming Fung BVI, was responsible for advising on the treasury and financial accounting issues of the Group. He has over 20 years of experience in auditing, taxation and financial management and had been appointed as financial controller of a number of companies listed in Hong Kong. Mr. Chau obtained a master's degree in business administration from the University of San Francisco, US in December 2000. He became a fellow member of The Association of Chartered Certified Accountants in September 1999 and a practising member of the Hong Kong Institute of Certified Public Accountants in June 1994. Mr. Chau is an independent non-executive director of (1) China Water Affairs Group Limited (stock code: 855), (2) Carpenter Tan Holdings Limited (stock code: 837) and (3) Zhejiang Shibao Company Limited (stock code: 1057), which are listed on the main board of the Stock Exchange. Mr. Chau is also an independent non-executive director of (4) Eco-Tek Holdings Limited (stock code: 8169), which is listed on the Growth Enterprise Market of the Stock Exchange. He was an independent non-executive director of (5) China Nonferrous Metals Company Limited (formerly known as Sungreen International Holdings Limited) (Stock Code: 8306), which is listed on the Growth Enterprise Market of the Stock Exchange, from June 2008 to May 2011.

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Ms. Zhou Hui Elizabeth (周涸)

Ms. Zhou Hui Elizabeth, aged 47, was appointed as an Executive Director of the Company on 11 March 2011. Ms. Zhou is responsible for the external affairs, business development, and internal operations management of the Group. Ms. Zhou graduated from the Harbin Institute of Architectural Engineering* (哈爾濱建築工程學院) (now known as Harbin Institute of Technology), majoring in Industrial Electrical Automation in July 1985. After graduation, Ms. Zhou joined the Architecture Designing Institute of The Ministry of Construction of People's Republic of China working in electrical engineering design, before joining Colgate. The brief experience in Colgate sparked Ms. Zhou's interest in the Human Resources management field. In May 1994, she completed a master's degree of commerce in management at the University of Wollongong, Australia, officially beginning her career in the field. Ms. Zhou obtained her industrial experiences in manufacture, trade, retail and real estate development fields, and held senior human resources management positions in listed companies including the Hutchison Whampoa Properties Limited, the property development and property management arm of Hutchison Whampoa Limited (which is listed on the Main Board of the Stock Exchange, Stock Code: 13) where she was responsible for its human resources management and administration operations in Mainland China. Ms. Zhou is a hands-on expert in strategic planning of human resources management, specializing in establishing human resources management system in multinational companies, and strong in handling cultural and organizational changes. Her broad international perspective and deep understanding of local operations, cultural diversities and labour related regulations resulted in outstanding achievements of local staff training in Human Resources management field. Ms. Zhou was a guest professor at the Tsinghua China Corporate Chief Human Resources Officers (CHO) Elite Class (清華中國企業首席人才官(CHO)精英班) training course organised by the Research Institute of Tsinghua University in Shenzhen (深圳市清華大學研究院) in 2010 and holds grade one certificate as 企業人力資源管理師 (corporate human resource management consultant) issued by the Ministry of Labour and Social Security of the PRC (中華人民共和國勞動和社會保障部) in May 2009. In the three years preceding the Latest Practicable Date, Ms. Zhou did not hold any directorship in any other listed company.

Non-executive Director

Mr. Au Wai Ming (歐偉明)

Mr. Au Wai Ming, aged 64, is our Deputy Chairman and a non-executive Director. Mr. Au pursued his studies at Harbin Institute of Engineering (哈爾濱工程學院) and graduated in August 1970. Mr. Au has had nearly forty years' experience in corporate development and management and had worked for 廣東粵海地產集團 (Guangdong Yuehai Property Group) as well as Hutchison Whampoa Properties Limited. He was an executive director of Guangdong Investment Limited (stock code: 270) for ten years and was the former chairman and managing director of Kingway Brewery Holdings Limited (stock code: 124) (formerly known as Guangdong Brewery Holdings Limited), both of which are companies listed on the Main Board of the Stock Exchange. Mr. Au has extensive experience in property development and management and had participated in the planning and development of well-known property projects such as Guangzhou Riverside

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Garden, Teem Plaza, Cape Coral and The Riverside. Mr Au was appointed as a Director on 11 March 2011. In the three years preceding the Latest Practicable Date, Mr. Au did not hold any directorship in any other listed company.

Independent non-executive Directors

Mr. Ma Weihua (馬蔚華)

Mr. Ma Weihua, aged 63 was appointed independent non-executive Director of our Company on 24 June 2011. Mr. Ma has been appointed as the president and chief executive officer of China Merchants Bank Co., Ltd. (Stock Code: 3968) since January 1999 and as an executive director of China Merchants Bank Co., Ltd. since March 1999. Mr. Ma is a senior economist (高級經濟師) of the PRC and was awarded doctor of philosophy degree in economics from Southwest Finance and Economics University in 1999. He is a member of the Eleventh National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十一屆全國委員會). He is also a director of 招商局集團有限公司 (China Merchants Group Ltd.*), and is the chairman of the board of directors of each of 招商信諾人壽保險有限公司 (China Merchant Signa Life Insurance Co., Ltd.*), 招商基金管理有限公司 (China Merchants Fund (CMF) Management Co., Ltd.*) and Wing Lung Bank Limited (永隆銀行有限公司). Mr. Ma is currently an independent non-executive director of China Petroleum & Chemical Corporation (Stock Code: 386). Mr. Ma is also the vice chairman of 中國國際商會 (China Chamber of International Commerce*), the executive deputy chairman of 中國企業家協會 (China Enterprise Directors Association*), a member of the Standing Council of China Finance Academy, an executive council member of Red Cross Society of China (中國紅十字會) and a director of 深圳市綜研軟科學發展基金會 (Shenzhen Soft Science Development Foundation*), and an adjunct professor at several higher educational institutions such as Peking University and Tsinghua University.

Mr. Carson Wen (溫嘉旋)

Mr. Carson Wen, JP, aged 58, was appointed independent non-executive Director of our Company on 24 June 2011. Mr. Wen is a practising solicitor and partner of Jones Day, a law firm in Hong Kong. He qualified as a solicitor in Hong Kong in May 1980 and has more than 30 years of experience in business, corporate and securities law.

Mr. Wen is a three-term Deputy to the National People's Congress representing Hong Kong. He is also a Justice of the Peace of Hong Kong and held various public service appointments in Mainland China and Hong Kong. He was awarded a Bronze Bauhinia Star by the Hong Kong SAR Government for his public contribution, in particular in the furthering of economic ties between Hong Kong, Mainland China and the rest of the world. He was a founding and executive committee member of the China Mergers and Acquisitions Association and sits on the board of numerous organisations, including the China Africa Business Council (Hong Kong), the Pacific Basin Economic Council and the Hong Kong Professional Consultants Association. He is also Vice-Chairman of the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB), a political party in Hong Kong.

Mr. Wen obtained his bachelor of arts degree from Columbia University in May 1975, where he majored in economics, and a bachelor of arts and master of arts degree

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from Oxford University in July 1977 and August 1981 respectively, where he studied law. He was Younger Prizeman in law at Balliol College, Oxford in 1977. In the three years preceding the Latest Practicable Date, Mr. Wen did not hold any directorship in any other listed company.

Professor Wong Lung Tak Patrick (黃龍德)

Professor Wong Lung Tak Patrick, BBS JP, aged 63, was appointed independent non-executive Director of our Company on 24 June 2011. Professor Wong became an associate of the Institute of Chartered Accountants in England and Wales in October 2004, and a fellow of the Association of Certified Accountants in the UK in July 1980, the Association of International Accountants in November 1982, the Institute of Chartered Secretaries and Administrators in the UK in March 1995, the Hong Kong Institute of Certified Public Accountants in May 1986, the Taxation Institute of Hong Kong in May 2006 as well as the Hong Kong Institute of Company Secretaries in March 1995. Professor Wong is a practicing certified public accountant in Hong Kong and has over 30 years of experience in the accountancy profession. He is the managing director of Wong Lam Leung & Kwok CPA Limited. Professor Wong was awarded a Badge of Honour by the Queen of England in 1993, and was appointed a Justice of the Peace in 1998 and also awarded Bronze Bauhinia Star by the Hong Kong government in 2010. He has been appointed Adjunct Professor, School of Accounting and Finance, The Hong Kong Polytechnic University since 2002. Professor Wong participates in many types of community services, holding posts in various organizations and committees in government and voluntary agencies. He is currently an independent non-executive director of (1) CC Land Holdings Limited (stock code: 1224), (2) China Precious Metal Resources Holdings Co., Ltd. (stock code: 1194), (3) Galaxy Entertainment Group Limited (stock code: 27), (4) Guangzhou Pharmaceutical Company Limited (stock code: 874), (5) Ruinian International Limited (stock code: 2010), (6) Sino Oil and Gas Holdings Limited (stock code: 702) and (7) Water Oasis Group Limited (stock code: 1161), the shares of which are listed on the Main Board of the Stock Exchange, and (8) National Arts Holdings Limited (stock code: 8228), the shares of which are listed on the Growth Enterprise Market of the Stock Exchange.

Please refer to the section headed “Disclosure of Interests — Particulars of service contracts” in Appendix VI to this prospectus for further information on our Directors’ service contracts and appointment letters.

As at the Latest Practicable Date, save as disclosed in the section headed “Disclosure of interests – Interests and short position of Directors and the chief executive in the shares, underlying shares or debentures of our Company and its associated corporations” in Appendix VI to this prospectus, each of the Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

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Save as disclosed herein, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of the Directors that needs to be brought to the attention of the Shareholders and there was no information relating to the Directors that is required to be disclosed pursuant to Rules 13.51(2)(a) to(v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Group position</u>
Mr. Li Chin Keung (李展強)	42	Chief executive officer of our Company, general manager of Winox Enterprise and Winox WFOE
Mr. So Lai Keung (蘇禮強)	38	Head of Marketing of Winox Enterprise and Winox WFOE
Mr. Lam Man Wai (林文威)	47	Head of Research and Development of Winox Enterprise and Winox WFOE
Mr. Wong Wing Yin (黃永賢)	50	Head of Operations of Winox Enterprise and Winox WFOE
Ms. Ng Lai Chun (吳麗珍)	50	Senior finance manager of our Company, Head of Accounts of Winox Enterprise and Winox WFOE
Mr. Chan Kai Ming (陳啟明)	56	Head of Factory (Division B) of Winox Enterprise and Winox WFOE
Mr. Ng Kam Tung (吳金桐)	59	Head of Factory (Division A-Production) of Winox Enterprise and Winox WFOE
Mr. Lan Haixiong (藍海雄)	35	Head of Factory (Division A-Planning) of Winox WFOE
Mr. Yue Yanjun (岳炎軍)	35	Head of Factory (Division A-Technical) of Winox WFOE
Mr. Lee Man Hei Jeff (李文禧)	31	Senior Business Development Manager

Mr. Li Chin Keung (李展強)

Mr. Li Chin Keung, aged 42, is the chief executive officer of our Company. He is also the general manager of Winox Enterprise and Winox WFOE. Mr. Li joined Stelux Industries Limited in 1991 and had held various positions during his tenure there including computer programmer, production material control manager, manager of operation department, assistant general manager and assistant manager of logistics department. Mr. Li joined our Group in 1999 and was responsible for the production and administrative work of our Group. He was the deputy general manager of Winox Manufacturing for the period from October 1999 to March 2005. He took up the position as sales manager from the period from April 2005 to December 2007 and was responsible for the European jewellery and related accessories markets and successfully opened up the European leading brand market. Mr. Li was then transferred to Winox Enterprise as sales manager for the period from January 2008 to August 2008. For the period from August

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2008 to June 2010, Mr. Li was appointed as assistant general manager of Winox Enterprise. In July 2010, he was promoted to the position of the general manager of Winox Enterprise and Winox WFOE and is responsible for the overall managerial work of our Group. Mr. Li graduated from The Hong Kong Polytechnic University with a diploma in industrial and operations management in November 1998 and is the holder of the Diploma in Computing Studies (Technical Applications) awarded by the Chai Wan Technical Institute of the Vocational Training Council in September 1991. In the three years preceding the Latest Practicable Date, Mr. Li did not hold any directorship in any listed company.

Mr. So Lai Keung(蘇禮強)

Mr. So Lai Keung, aged 38, is the Head of Marketing of Winox Enterprise and Winox WFOE. Mr. So joined our Group in 2001 as the assistant to the chairman of the Group and in July 2005, he was promoted as sales manager of Winox manufacturing. Mr. So was transferred to Winox Enterprise and Winox WFOE in January 2008 and was promoted to Head of Marketing of Winox Enterprise and Winox WFOE in April 2011. Mr. So is principally responsible for promoting the jewellery products market, liaising with the customers of our Group as well as exploring new potential customers. In consultation with an Italian consultancy firm, Mr. So is also responsible for the establishment of the gold and silver production department of our Group. Mr. So graduated from The Hong Kong Polytechnic University in October 1995 and holds a bachelor's degree in mechanical engineering. He completed and passed the internal auditing of quality management systems course certificated by the IRCA Registration Governing Board for Internal Auditors of Quality Systems and obtained a certificate from Hong Kong Q-Mark Council Federation of Hong Kong Industries on 5 February 1998. Mr. So completed the Auditor/Lead Auditor Training Course certified by the International Register of Certificated Auditors and obtained a certificate from the National Association of Testing Authorities, Australia in February 1999. He also completed an ISO 9000:2000 Auditor Transition Training Course certified by the Governing Board of the International Register of Certificated Auditors and obtained a certificate from Managing For Quality Limited in January 2001. In the three years preceding the Latest Practicable Date, Mr. So did not hold any directorship in any listed company.

Mr. Lam Man Wai (林文威)

Mr. Lam Man Wai, aged 47, is the head of research and development of Winox Enterprise and Winox WFOE. Mr. Lam joined our Group in 2008, and is mainly responsible for developing new product concepts to cope with the needs of our Group as well as the market. Mr. Lam is also responsible for devising plans to improve and acquire our production equipment so as to strengthen the competitiveness of our Group in the market. Mr. Lam has 17 years of experience in watches related industries and has 13 years of experience in the research and development of watch products. Before joining our Group, he served as senior research manager and senior purchasing manager in Fossil Newtime Limited, a subsidiary of Fossil Inc. (the shares of which are traded in NASDAQ Global Select Market in U.S. (stock code: FOSL)), from 1994 to 2007. In the three years preceding the Latest Practicable Date, Mr. Lam did not hold any directorship in any listed company.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Wong Wing Yin (黃永賢)

Mr. Wong Wing Yin, aged 50, is the Head of Operations of Winox Enterprise and Winox WFOE. Mr. Wong joined the watch manufacturing section of Stelux Holdings International Limited (the shares of which are listed on the Main Board of the Stock Exchange, stock code: 84) and its subsidiaries (collectively, the “Stelux Group”) in 1986. He joined our Group in 1999. He has been engaged in a number of different departments, namely, human resources, quality control, quality assurance and administration. Mr. Wong has 20 years of working experience in related industry. He is endeavored to promote, develop, implement and maintain the quality management system, social responsibility system and administrative system of our Group. Because of his work, our Group successfully obtained the SA8000:2001 certification and ISO9001:2000 certification in January and July 2008 respectively. Mr. Wong graduated from the The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) and was awarded a certificate in mathematical studies in November 1982, a diploma in production and industrial engineering in November 1983 and a higher certificate in mathematical studies in November 1985. Mr. Wong completed the ISO 9000 Internal Quality Audit course of Qualitech Consultancy Limited in December 1993. He completed an Assessor/Lead Assessor training course from the P-E Batalas Limited in September 1995. Mr. Wong also completed an ISO9001:2000 internal quality audit training course (質量體系內部審核員培訓) organized by Shenzhen Bureau of Quality and Technical Supervision (深圳市質量技術監督局) and obtained a certificate from Technical Supervision Bureau of Shenzhen Municipality (深圳市技術監督局) in March 2001. In the three years preceding the Latest Practicable Date, Mr. Wong did not hold any directorship in any listed company.

Ms. Ng Lai Chun (吳麗珍)

Ms. Ng Lai Chun, aged 50, joined Ming Fung Metal Manufacturing Limited, a company controlled by Mr. Yiu and/or Ms. Law Wai Ping in 1989 and was responsible for the financial and company secretarial work of the company. In 2008, she was appointed as the accounting manager of Winox Enterprise. In 2011, she was appointed as the senior finance manager of our Company and the Head of Accounts of Winox Enterprise and Winox WFOE. Ms. Ng graduated from the Commerce Department of Morrison Hill Technical Institute of the Vocational Training Council with a certificate in accountancy in July 1985. She also holds a bachelor’s degree in business administration from the Asia International Open University (Macau) awarded to her in November 1995 as well as the Professional Diploma in Real Estate Administration from the School of Professional and Continuing Education of The University of Hong Kong awarded to her in December 1998. In the three years preceding the Latest Practicable Date, Ms. Ng did not hold any directorship in any listed company.

Mr. Chan Kai Ming (陳啟明)

Mr. Chan Kai Ming, aged 56, is the Head of Factory (Division B) of Winox Enterprise and Winox WFOE and also partake the marketing issues of Winox Enterprise. Mr. Chan joined the Stelux Group in 1987 and joined our Group in 1999. Mr. Chan is mainly responsible for the management of our factories in the PRC and the development and production of Swiss brand watch products as well as leading our Company for self

DIRECTORS, SENIOR MANAGEMENT AND STAFF

innovation. Mr. Chan has 35 years of experience in metal products manufacturing industry and holds a bachelor of science degree from The Hong Kong Polytechnic University which was awarded to him in November 2009. In the three years preceding the Latest Practicable Date, Mr. Chan did not hold any directorship in any listed company.

Mr. Ng Kam Tung (吳金桐)

Mr. Ng Kam Tung, aged 59, is the Head of Factory (Division A-Production) of Winox Enterprise and Winox WFOE. Mr. Ng joined the Stelux Group in 1979 and our Group in 1999 and has been engaging in technical and production management work of one of the main production divisions. He had been the pre-production manager (material) for Stelux Group and then our Group for twenty years and has over 30 years of experience in watch production. In January 2009, Mr. Ng was promoted as operation manager of Winox WFOE in January 2009 and is responsible for the production and management of Division A of Dalang Factory. In the three years preceding the Latest Practicable Date, Mr. Ng did not hold any directorship in any listed company.

Mr. Lan Haixiong (藍海雄)

Mr. Lan Haixiong, aged 35, is the Head of Factory (Division A-Planning) of Winox WFOE. He joined our Group in 1999 and is responsible for production control and management. Mr. Lan graduated from 廣東商學院 (Guangdong School of Business) specialized in tax in June 1997 with a graduation certificate. In the three years preceding the Latest Practicable Date, Mr. Lan did not hold any directorship in any listed company.

Mr. Yue Yanjun (岳炎軍)

Mr. Yue Yanjun, aged 35, is the Head of Factory (Division A – Technical) of Winox WFOE. Mr. Yue joined our Group in 2002 and is mainly responsible for coordinating the operations and product development of Division A (one of the main production divisions) of the Dalang Factory as well as providing production and technical support. Mr. Yue has been engaged in the watch related industries for over 12 years. Mr. Yue graduated from the Mechanical Engineering Department of 湘潭大學 (Xiangtan University) specialized in plastic formation technique and equipment in June 1997 with a bachelor's degree in Engineering. In the three years preceding the Latest Practicable Date, Mr. Yue did not hold any directorship in any listed company.

Mr. Lee Man Hei Jeff (李文禧)

Mr. Lee Man Hei Jeff, aged 31, is our senior business development manager. Mr. Lee joined certain companies owned by the Controlling Shareholders in 2005 and undertook the management position in different companies owned by the Controlling Shareholders, primarily responsible for corporate strategic development and research, market research and promotion for property and jewellery retailing industry. In January 2011, Mr. Lee was appointed as senior business development manager of our Group and is responsible for our Group's strategic development issues. Mr. Lee graduated from the University of Victoria, Canada in May 2005 and holds a bachelor's degree in arts. Mr. Lee is the nephew of Mr. Yiu. In the three years preceding the Latest Practicable Date, Mr. Lee did not hold any directorship in any listed company.

COMPANY SECRETARY

Ms. Chan Miu Ting (陳妙婷)

Ms. Chan Miu Ting, aged 46, is our Company's legal counsel and company secretary. Ms. Chan joined our Group in August 2010 and is responsible for the legal and company secretarial issues of our Company. Ms. Chan served as the company secretary of Guangdong Tannery Limited (the shares of which are listed on the Main Board of the Stock Exchange, stock code: 1058) from 1996 to 2006 and has over 18 years of experience in corporation law, Listing Rules compliance, as well as corporate governance and compliance matters. Ms. Chan graduated from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) and was awarded Professional Diploma in Company Secretaryship and Administration in November 1987. Ms. Chan was conferred Juris Doctor from The University of Melbourne, Australia in December 2010, and was awarded Master of Business Administration from the University of Hong Kong in December 1999, and Higher Diploma in Business Studies from the City Polytechnic of Hong Kong in December 1994. Ms. Chan became an associate of both The Institute of Chartered Secretaries and Administrators in August 1990 and The Hong Kong Institute of Company Secretaries in August 1994. In the three years preceding the Latest Practicable Date, Ms. Chan did not hold any directorship in any listed company.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The aggregate amount of compensation (including fees, salaries, contributions to pension schemes, housing and other allowances, benefits in kind and discretionary bonuses) which were paid to our Directors for the Track Record Period was about HK\$372,000, HK\$372,000 and HK\$1,451,000, respectively.

The aggregate amount of salaries and other benefits, bonus and retirement benefits scheme contribution in kind paid to our five highest paid individuals (excluding the emoluments included as compensations to the Directors) for the Track Record Period was about HK\$4,013,000, HK\$3,648,000 and HK\$3,323,000, respectively.

Our Directors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We have also established the Share Option Scheme to incentivise our senior management and employees. We also reimburse our Directors and senior management for expenses which are necessarily and reasonably incurred for providing services to us or discharging their duties in relation to our operations. When reviewing and determining the specific remuneration packages for our executive Directors and senior management, we take into consideration factors such as their individual performance, qualification, experience and seniority, salaries paid by comparable companies, time commitment and responsibilities of our Directors, employment elsewhere in our Group and desirability of performance-based remuneration.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

During the Track Record Period, no remuneration was paid by the Group to, or receivable by, the Directors as an inducement to join or upon joining the Group. No compensation was paid by the Group to, or receivable by, the Directors or past Directors for each of the three years ended 31 December 2008, 2009 and 2010 for the loss of any office in connection with the management of the affairs of any member of the Group.

Except as disclosed above, no other payments have been made or are payable, in respect of the Track Record Period, by us or any of our subsidiaries to or on behalf of any of our Directors. We estimate the aggregate remuneration, excluding discretionary bonuses, of our Directors payable for the year ending 31 December 2011 will be about HK\$4,711,000.

STAFF

As at 31 December 2010, we had a total of over 3,000 full-time employees (other than our Directors and senior management staff), respectively. The following table shows a breakdown of our employees (other than our Directors and senior management staff) by their functions as at 31 December 2010:

<u>Area of operation</u>	<u>Number of employees</u>	<u>Percentage of total</u>
Management	11	0.4%
Production	2,714	88.1%
Sales and marketing	15	0.5%
Research and development and design	80	2.6%
Business operations ^(Note)	130	4.2%
Finance and accounting	31	1.0%
General administration	100	3.2%
 Total	 <u>3,081</u>	 <u>100%</u>

Note: This includes purchasing, information technology, and quality control and assurance.

OUR RELATIONSHIP WITH STAFF

We recognize the importance of having a good working relationship with our employees. The remuneration payable to the employees includes salaries and allowances.

We have not experienced any significant problems with our employees or disruption to our operations due to labour disputes, nor any difficulties in the recruitment and retention of experienced staff. Our Directors believe that we have a good working relationship with our employees as a whole.

SOCIAL INSURANCES AND HOUSING FUNDS

In the Track Record Period, we made contributions to pension funds, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance (collectively, "Social Insurance Funds") for our employees in the PRC. Our contributions to the various Social Insurance Funds for the Track Record Period amounted to about HK\$4.6 million, HK\$4.4 million and HK\$7.6 million, respectively.

STAFF REMUNERATION

We determine our staff's remuneration based on factors such as qualifications and work experience. Our staff costs (including our Directors' and senior management's emoluments) during the Track Record Period was about HK\$76.4 million, HK\$70.7 million and HK\$94.0 million, respectively.

BOARD COMMITTEES

Audit committee

We have established an audit committee pursuant to a resolution of our Directors passed on 25 June 2011 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The audit committee consists of three independent non-executive Directors, namely Professor Wong Lung Tak Patrick (an independent non-executive Director with the appropriate professional qualifications who shall serve as chairman of the committee), Mr. Ma Weihua and Mr. Carson Wen. The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting system, internal control procedures and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

Remuneration committee

We have established a remuneration committee pursuant to a resolution of our Directors passed on 25 June 2011 with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The remuneration committee consists of one executive Director, namely Mr. Yiu Hon Ming (who is the chairman of the remuneration committee), and three independent non-executive Directors, namely Mr. Ma Weihua, Mr. Carson Wen and Professor Wong Lung Tak Patrick. The primary duties of the remuneration committee are to make recommendations to our Board on the policy and structure for all remuneration of our Directors and senior management, determine specific remuneration packages of all executive Directors and senior management members and make recommendations on the remuneration of our non-executive Director, and evaluate and make recommendations on employee benefit arrangements as our Board may request.

Nomination committee

We have established a nomination committee pursuant to a resolution of our Directors passed on 25 June 2011 with written terms of reference as recommended under the Code on Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules. The nomination committee consists of one executive Director, namely Mr. Yiu Hon Ming (who is the chairman of the nomination committee), and three independent non-executive Directors, namely Mr. Ma Weihua, Mr. Carson Wen and Professor Wong Lung Tak Patrick. The primary function of the nomination committee is to review the structure, size and composition of the Board, and select or make recommendations on the selection of individuals nominated for directorships, further details of which are set out in paragraph A.4 of the Code on Corporate Governance Practices.

COMPLIANCE ADVISOR

Our Company has appointed Haitong Int'l Capital as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules.

The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

1. the compliance advisor's appointment shall be for a period commencing on the date on which the Shares are listed on the Stock Exchange and ending on the date on which our Company comply with Rule 13.46 of the Listing Rules in respect of the financial results of our Group;
2. the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange; and
3. During the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:
 - (i) before the publication of any regulatory announcement, circular or financial report;
 - (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
 - (iii) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and
 - (iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons will have an interest or short position in our Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Nature of interest	Class of securities ^(Note 1)	Amount of securities	Approximate percentage interest in the share capital of the Company immediately after the Share Offer ^(Note 2)
Ming Fung Investment	Beneficial owner	Ordinary Shares (L)	330,000,000 Shares	66%
Ming Fung BVI	Interest in a controlled corporation ^(Note 3)	Ordinary Shares (L)	330,000,000 Shares	66%
Mr. Yiu	Interest in a controlled corporation and interest of spouse ^(Note 4)	Ordinary Shares (L)	330,000,000 Shares	66%
Law Wai Ping	Interest in a controlled corporation and interest of spouse ^(Note 5)	Ordinary Shares (L)	330,000,000 Shares	66%
Winholme Holdings	Beneficial owner	Ordinary Shares (L)	45,000,000 Shares	9%
Ms. Tang	Interest in a controlled corporation ^(Note 6)	Ordinary Shares (L)	45,000,000 Shares	9%
Mr. Chan	Interest in a controlled corporation ^(Note 7)	Ordinary Shares (L)	45,000,000 Shares	9%
Leung Wai Yin, Edith	Interest of spouse ^(Note 8)	Ordinary Shares (L)	45,000,000 Shares	9%

SUBSTANTIAL SHAREHOLDERS

Notes:

1. The letter “L” denotes the person’s long position in the relevant Shares.
2. The shareholding percentages have been calculated based on the assumption that the Over-allotment Option is not exercised.
3. Ming Fung BVI is the legal and beneficial owner of about 86.93% of the entire issued share capital of Ming Fung Investment.
4. Mr. Yiu is the legal and beneficial owner of 60% of the entire issued share capital of Ming Fung BVI, which in turn is the legal and beneficial owner of about 86.93% of the entire issued share capital of Ming Fung Investment. Mr. Yiu is the husband of Ms. Law Wai Ping, and thus, he is deemed interested in the same amount of Shares in which Ms. Law Wai Ping is interested. Mr. Yiu was brought up in China and has been living in Hong Kong since 1976. He is not and has not been a full time government official of any county, nor is he or has he ever been a full time employee of a state/government-owned/operated entity.
5. Ms. Law Wai Ping is the legal and beneficial owner of 40% of the entire issued share capital of Ming Fung BVI, which in turn is the legal and beneficial owner of about, 86.93% of the entire issued share capital of Ming Fung Investment. Ms. Law Wai Ping is the wife of Mr. Yiu, and thus, she is deemed interested in the same amount of Shares in which Mr. Yiu is interested.
6. Ms. Tang is the legal and beneficial owner of about 41.67% of the entire issued share capital of Winholme Holdings.
7. Mr. Chan is the legal and beneficial owner of about 33.33% of the entire issued share capital of Winholme Holdings.
8. Ms. Leung Wai Yin, Edith is the wife of Mr. Chan, and thus, she is deemed interested in the same amount of Shares of in which Mr. Chan is interested.

Save as disclosed in this prospectus, based on the information available on the Latest Practicable Date, our Directors have confirmed that they are not aware of any other person who will, immediately following completion of the Share Offer (assuming the Over-allotment Option is not exercised), have an interest or short position in our Shares or underlying shares of our Company which would fall to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

SHARE CAPITAL

SHARE CAPITAL

Our authorised share capital as of the date of this prospectus is as follows:

Authorised share capital:		<i>HK\$</i>
4,000,000,000	Shares (being ordinary shares of HK\$0.10 each)	400,000,000

Assuming the Over-allotment Option is not exercised, the issued share capital of our Company immediately after the Share Offer will be as follows:

Issued Shares:		<i>HK\$</i>
375,000,000	Shares in issue as of the date of this prospectus	37,500,000
Shares to be issued:		<i>HK\$</i>
112,500,000	Shares to be issued under the Placing	11,250,000
12,500,000	Shares to be issued under the Public Offer	1,250,000
Total issued share capital:		<i>HK\$</i>
<u>500,000,000</u>	Shares	<u>50,000,000</u>

According to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our Company’s issued share capital in the hands of the public.

ASSUMPTIONS

The above tables assume that the Share Offer becomes unconditional and will be completed in accordance with the relevant terms and conditions. It, however, takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, and any Shares which may be allotted and issued, or repurchased by our Company pursuant to the general mandate to issue new Shares and general mandate to repurchase Shares as described below.

SHARE CAPITAL

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares now in issue or to be issued as mentioned herein, and will rank in full for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus.

Save as disclosed in this prospectus, no share or loan capital of our Company or any of our subsidiaries is under any option or is agreed conditionally or unconditionally to be put under any option.

SHARE OPTION SCHEME

The Company has conditionally adopted the Share Option Scheme on 25 June 2011, the principal terms of which are summarised in the paragraph headed “Other information – Share Option Scheme” in Appendix VI to this prospectus.

GENERAL MANDATE TO ISSUE NEW SHARES

A general unconditional mandate has been granted to our Directors authorising them to exercise our powers to allot, issue and deal with Shares or securities convertible into Shares and to make an offer or agreement or grant an option which would or might require such Shares to be allotted and issued, provided that the aggregate nominal value of the Shares allotted or agreed conditionally or unconditionally to be allotted shall not exceed 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

The abovementioned mandate does not apply to situations where our Directors allot, issue or deal with the Shares under any rights issue, scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of a dividend on Shares in accordance with the Articles of Association or pursuant to the exercise of any options to be granted under the Share Option Scheme or pursuant to the Share Offer or the Over-allotment Option or pursuant to a specific authority granted by our Shareholders in general meeting, on behalf of our Company.

The abovementioned mandate will expire:

- at the conclusion of our next annual general meeting; or
- at the expiration of the period within which our next annual general meeting is required by the Cayman Islands Companies Law or any applicable laws of the Cayman Islands or the Articles of Association to be held; or
- the passing of an ordinary resolution by our Shareholders in a general meeting revoking, varying or renewing such mandate,

whichever is the earliest.

SHARE CAPITAL

Particulars of this general mandate are set forth under “Further information about our Company and its subsidiaries – Written resolutions of the shareholders of our Company” in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

A general unconditional mandate has been granted to our Directors authorizing them to exercise all the powers for and on behalf of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

The abovementioned mandate only relates to repurchases made on the Stock Exchange, or on any other approved stock exchange(s) on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for that purpose, and which are made in accordance with all applicable laws and requirements of the Listing Rules or equivalent rules or regulations of any other stock exchange as amended from time to time. A summary of the relevant Listing Rules is set forth under “Further information about our Company and its subsidiaries – Repurchase by our Company of its own Shares” in Appendix VI to this prospectus.

The abovementioned mandate will expire:

- at the conclusion of our next annual general meeting; or
- at the expiration of the period within which our next annual general meeting is required by the Cayman Islands Companies Law or any applicable law or the Articles of Association to be held; or
- the passing of an ordinary resolution by our shareholders in a general meeting revoking, renewing or varying such mandate,

whichever is the earliest.

Particulars of this general mandate are set forth under “Further information about our Company and its subsidiaries – Written resolutions of the shareholders of our Company” in Appendix VI to this prospectus.

FINANCIAL INFORMATION

OVERVIEW

We are a stainless steel products manufacturer principally engaged in the development and manufacture of stainless steel watch bracelets, costume jewellery and accessories for our customers on OEM basis. Based on the Synovate Report, our market share of the global stainless steel watch bracelet market for brands of watches which have an average retail price of HK\$10,000 or above was about 9.6% in 2010. Our customers are mainly intermediary agents of internationally renowned brands, as well as some brand owners with headquarters mainly based in Europe (such as Switzerland and Italy). Our core management team possesses more than 20 years of experience and technical knowledge in handling stainless steel materials and product design. With our production and development capabilities, we are capable to offer a comprehensive production solution to our customers by developing and producing the final products based on our customers' two-dimensional, conceptual drawings for eventual mass production.

FACTORS AFFECTING THE RESULTS OF OPERATIONS AND FINANCIAL CONDITION OF OUR GROUP

Our results of operations and our financial condition have been, and we believe will continue to be, affected by a number of factors including those set out as follow:

Global economic conditions

The business of our Group greatly depends on the performance of our end customers, which are internationally renowned brands with significant presence in the luxury market. The demand for the products of our end customers is largely related to the global economic and market conditions, in particular the emerging markets such as China which demonstrate strong market demand for luxury goods. For the year ended 31 December 2010, the turnover and the profit of our Group have increased by about 55.1% and 74.4% respectively as compared with that for the year ended 31 December 2009 mainly due to the strong recovery in the economy of the emerging markets after the financial crisis. Any fluctuation in the global economy, in particular the economy of emerging markets with strong demand for luxury goods, may affect the turnover and hence the profit of our Group.

Further details of which are set out in the paragraph headed "Our industry is subject to economic and market conditions. There has been significant deterioration and volatility in the global financial markets recently. As a result, our business operations may be adversely affected" in the section headed "Risk factors" of this prospectus.

Product pricing

We adopt a cost-plus model to develop our quotations for our customers. Our calculation of the estimated cost of productions used in developing our quotations is based on the bills of materials of our products which have taken into account the costs of production materials used, labours costs incurred and the sharing of manufacturing overheads incurred for production. During the Track Record Period, we have been able to pass the increased production materials costs and labour costs to our customers through increasing the price of our products. If we are unable to pass on the cost increment to our customers in a timely manner, our results could be materially and adversely affected.

A majority portion of our products were quoted and priced in US\$ and HK\$ while a significant portion of our costs incurred was denominated in RMB during the Track Record Period. As we do not adopt any currency hedging practice for the currency mismatch, any further appreciation of RMB against US\$ and HK\$ would increase the effective cost to our Group and hence would also affect our results.

FINANCIAL INFORMATION

Further details of which are set out in the paragraphs headed “Higher labour and production materials costs would reduce our margins and profitability” and “We are subject to foreign exchange exposure and currency conversion risks” in the section headed “Risk factors” of this prospectus.

Production capacity

Our product production capacity affects our turnover, in particular our turnover growth in the near future. If any of our production facilities experience significant downtime, our production facilities may not be able to produce sufficient products to meet the orders of our customers, and resulting in a negative impact on our turnover. We are in the process of expanding our production capacity to cope with the increasing demand for our products. We have allocated about 65% and 25% of our net proceeds of the Share Offer for funding the capital expenditures required for the acquisition of equipment and machinery for the Dongfengcun Factory and Huzhen Factory and to finance the development of the Huzhen Factory which will increase our production capacity to meet the demand of our customers and our expanding products portfolio respectively. Any prolonged or significant disruption to our expansion plan may adversely affect our business, financial condition and results of operations.

Further details of which are set out in the paragraphs headed “Our future operating results may depend on the results of our expansion plan and our ability to improve efficiency and production at the existing manufacturing facilities” and “We concentrate our production operations at our Dalang Factory and Dongfengcun Factory and any disruption of operations at these facilities may adversely affect our operations” in the section headed “Risk factors” of this prospectus.

Production materials

Cost of production materials represented the largest component of our cost of goods sold, and a material portion of which represented the cost of stainless steel we used in our production. Stainless steel we used was supplied to us in the form of bars, plates and wires, and component parts. Nevertheless the pricing of stainless steel in different forms shared the same price fluctuation trend. The price of stainless steel had been, in general, on an increasing trend during the Track Record Period. As we have not entered into any long term supply agreement with our suppliers for stainless steel materials and components, any material increase in or fluctuation of the market price of stainless steel, regardless of whether it is caused by an increase in market demand for stainless steel or a decrease in supply of stainless steel, may materially affect our results.

Further details of which are set out in the paragraph headed “Fluctuation in the prices and supply of stainless steel materials and components may adversely affect our profit margins and results of operation” in the section headed “Risk factors” of this prospectus.

Labour

Labour cost represents the second largest component of our cost of goods sold. The minimum wage level imposed by the Labour Contract Law of the PRC (the “Labour Law”) had put a significant pressure on our cost of goods sold. Since the establishment of the Labour Law in 2008, the applicable minimum wage level for us had been increased from RMB770 at the beginning of the year 2008 to RMB1,100 as at the Latest Practicable Date. Any further increment in the minimum wage level applicable to our Group will have a negative impact on our results.

FINANCIAL INFORMATION

In addition, the rapidly growing economy in the PRC has increased the career choices of the general public in the PRC, making it more difficult for us to retain exiting workers and recruit new labour. To retain our existing workers and attract new labour to our factory, we have increased our staff benefits provided. Average salary of the workers had also been increased from about HK\$1,995 per month to about HK\$2,489 per month in the last two years. We may not be able to retain our existing staff or attract new labour should we fail to match with the workers' salary and benefits provided by other companies or factories nearby.

Further details of which are set out in the paragraph headed "Our labour costs may increase for reasons such as the implementation of the Labour Contract Law of the PRC or a labour shortage in the places we operate" in the section headed "Risk factors" of this prospectus.

Market competitions and regulatory controls

We face keen competition in our business as an original equipment manufacturer specialising in manufacturing stainless steel products for our customers based on their design and specifications. We have made substantial investment in production equipment as well as the manufacturing techniques and processes in the handling of stainless steel materials to maintain our competitiveness in the industry in terms of costs, time and product quality. Our results would be materially and adversely affected should we fail to maintain our competitiveness against our competitors.

In addition, we are subject to a variety of guidelines imposed either by the governments of the jurisdictions at which we carry on our business operations, or that of the jurisdictions to which our products are exported, or by our customers relating to safety, health and labour conditions. The failure by us and/or third-party manufacturers to whom we outsource manufacturing to comply, or the allegation of such non-compliance, with any present or future customer guidelines could result in loss of customer contracts or a cessation of operations and damage to our reputation.

Further details of which are set out in the paragraphs headed "We operate in a highly competitive industry", "Our manufacturing techniques and machinery and technical know-how may become obsolete" and "Our manufacturing operations are subject to various safety, health and labour guidelines imposed either by government or by customers which may increase our costs or restrict our operations" in the section headed "Risk factors".

CRITICAL ACCOUNTING POLICIES

Our Group's financial information has been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The preparation of the financial information in conformity with HKFRSs requires our Group's management to adopt accounting policies and make estimates and assumptions that affect amounts reported to our Group's financial information. In applying these accounting policies, our Group's management makes subjective judgements that frequently require estimates about matters that are inherently uncertain. Accordingly, actual results could differ from those estimates. Basically the estimates and assumptions involve judgements based on the latest available information, reliable information, experience and other factors that are considered to be relevant. The estimates and assumptions adopted by our Group are reliable and there have been no change in the estimates and assumptions over the Track Record Period. There is no evidence indicating that the estimates and assumptions will be changed in the foreseeable future.

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The following paragraphs discuss the critical accounting policies applied in preparing our Group's financial information:

Basis of presentation

Pursuant to the Reorganisation, the Company has been the holding company of the companies now comprising the Group in March 2011.

The combined statements of comprehensive income and the combined statements of cash flows which include the results and cash flows of the companies now comprising the Group have been prepared by applying the principles of merger accounting which is consistent with the principle as stated in Accounting Guideline 5 "Merger accounting under common control combination" issued by the HKICPA, as if the current group structure had been in existence throughout the Track Record Period or since their respective dates of incorporation or establishment, where this is a shorter period. The combined statements of financial position of the Group as at each of 31 December 2008, 2009 and 2010 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at those dates.

Although Winox Manufacturing was not formally included in the Group, it has been included in our financial information for the year ended 31 December 2008 (up to the cease of the business of Winox Manufacturing) as the Directors consider that the historical financial information of the Group should include entire activities of Winox Manufacturing for the year ended 31 December 2008 that have been a part of the history of the Group's business in manufacturing and sale of watch bracelets, costume jewellery and accessories for the Track Record Period.

Accordingly, the result related to the operations of the watch bracelets, costume jewellery and accessories business of Winox Manufacturing for the year ended 31 December 2008 is combined in the financial information of the Group. The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the year ended 31 December 2008 include the results of Winox Manufacturing and the companies now comprising the Group. The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the years ended 31 December 2009 and 2010 only include the results of the companies now comprising the Group.

Basis of combination

The financial information of our Group incorporates our financial information and the financial information of the entities controlled by us. Control is achieved where we have the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Track Record Period are included in the combined statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of our Group.

Non-controlling interests in subsidiaries are presented separately from the equity of the owners of our Company.

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All intra-group transactions, balances, income and expenses are eliminated on combination.

Changes in our Group's ownership interest in a subsidiary that do not result in our Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of our Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of our Company.

Business combination under common control

The financial information of our Group incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities first came under the common control combination, where there is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Sales of goods is recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method.

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Construction in progress is stated at cost less identified impairment losses which includes all construction costs and other direct costs attributable to such projects, and borrowing costs capitalised in accordance with the Group's accounting policy. It is not depreciated until completion of construction and the relevant assets are available for use. Costs of completed construction works are transferred to the appropriate category of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period in which the item is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised on the combined statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Our Group's financial assets are mainly classified into loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a shareholder, amounts due from related parties, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

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Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date of the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instrument are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related parties, amount due to a director, bank borrowings and obligations under a finance lease are subsequently measured at amortised cost, using the effective interest method.

Equity instrument

Equity instrument issued by the Company and the group entity are recorded at the proceeds received, net of direct issue costs.

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Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment

At the end of a reporting period, our Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income or expense items that are never taxable or deductible. Our Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where our Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred

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tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the combined financial information of our Group included in the accountants' report and notes thereto set out in Appendix I to this prospectus. The combined financial information had been prepared in accordance with HKFRSs.

Key financial ratios

Set out below is the summary of the key financial ratios of our Group during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
Gross profit margin ¹	37.6%	38.8%	42.8%
Net profit margin ²	18.9%	20.3%	22.8%
Return on equity ³	96.3%	88.8%	88.3%
Inventories turnover days ⁴	49.8	83.2	52.9
Debtors' turnover days ⁵	55.2	52.0	59.8
Creditors' turnover days ⁶	59.1	36.0	31.5
	As at 31 December		
	2008	2009	2010
Current ratio ⁷	0.89	0.99	1.01
Gearing ⁸	0.17	0.34	0.42

Notes:

1. Gross profit margin is calculated as the gross profit divided by the turnover of the respective years.
2. Net profit margin is calculated as the net profit divided by the turnover of the respective years.
3. Return on equity is calculated as the profit attributable to the owners of the Company divided by the average equity attributable to the owners of the Company of the respective years.

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4. Inventories turnover days are calculated as the average inventories balance divided by the costs of goods sold of the respective years and multiplied by 365 days.
5. Debtors' turnover days are calculated as the average trade receivables balance divided by the turnover of the respective years and multiplied by 365 days.
6. Creditors' turnover days are calculated as the average trade payables balance divided by the cost of goods sold of the respective years and multiplied by 365 days.
7. Current ratio is calculated as the total current assets divided by the total current liabilities as at the respective dates.
8. Gearing is calculated as total interest-bearing bank borrowings divided by total assets as at the respective dates.

Our gross profit margin and net profit margin had been on an increasing trend during the Track Record Period. Such increase in profit margins was mainly attributable to our cost saving measures adopted during the financial crisis in 2009. In addition, being able to pass on the increased labour costs and cost of production materials to our customers had also enabled us to maintain our profit margins. Further details of which are set out in the paragraphs headed "Gross profit" and "Net profit" below.

Despite of the continuous growth in our profit and profit margins, our return on equity during the Track Record Period had been on a decreasing trend. Such trend was mainly due to the gradual accumulations of equity in our Company from the profit generated from our operations. Nevertheless we had maintained our return on equity during the Track Record Period at a level of about 96.3%, 88.8% and 88.3% for each of the three years ended 31 December 2010 respectively.

Our inventories turnover days had hiked at about 83.2 days in 2009 with a comparable inventories turnover days of about 49.8 days and 52.9 days for the years ended 31 December 2008 and 2010 respectively. The increase in inventories turnover days in 2009 was mainly resulted from the delay or slow down of delivery of our products ordered by our customers during the financial crisis in 2009. Further details of which are set out in the paragraph headed "Inventories" below.

Our debtors' turnover days remained relatively stable during the Track Record Period, while our creditors' turnover days had decreased from about 59.1 days in 2008 to about 36.0 days in 2009 and about 31.5 days which was resulted from the acceleration in settling our trade payables balances by us during 2009. Further details of which are set out in the paragraphs headed "Trade and other receivables" and "Trade and other payables" below.

During the Track Record Period, our current ratio remained stable. Although our current ratio as at 31 December 2008 and 2009 were below 1.00, as our business grew our current ratio had also been steadily improving and had exceed 1.00 as at 31 December 2010. Further details of which are set out in the paragraph headed "Net current assets/(liabilities)" below.

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Our gearing as at 31 December 2008, 2009 and 2010 were about 0.17, 0.34 and 0.42 respectively. Our gearing was on an increasing trend during the Track Record Period as we had increased the usage of interest-bearing bank borrowings to reduce our credit balances with, and hence reliance on, our related parties and Directors. We had also increased our bank borrowing as a result of increased investments in production facilities, purchase of inventories and working capital financing. Further details of our indebtedness are set out in the paragraph headed "Indebtedness" below.

Combined income statements

Set out below is a summary of the audited combined results of our Group for each of the three years ended 31 December 2010.

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Turnover	324,598	256,928	398,606
Cost of goods sold	(202,692)	(157,356)	(227,936)
	121,906	99,572	170,670
Gross profit			
Other income	1,118	1,275	4,055
Other losses	(8,464)	(1,756)	(1,254)
Selling and distribution costs	(17,995)	(12,588)	(20,075)
Administrative expenses	(23,346)	(25,058)	(35,010)
Listing expenses	–	–	(5,240)
Finance costs	(551)	(2,981)	(4,900)
	72,668	58,464	108,246
Profit before taxation			
Taxation	(11,169)	(6,296)	(17,267)
	61,499	52,168	90,979
Profit for the year	61,499	52,168	90,979
Profit for the year attributable to:			
Owners of our Company	59,553	52,168	90,979
Non-controlling interests	1,946	–	–
	61,499	52,168	90,979

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Turnover

The following table sets forth the breakdown of our turnover by product categories and the respective number of products sold for the periods indicated:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Turnover			
Sales of			
– watch bracelets	242,457	180,855	308,008
– costume jewellery	76,763	67,480	69,500
– accessories	5,378	8,593	21,098
	324,598	256,928	398,606
	'000 pcs	'000 pcs	'000 pcs
Quantity sold as			
– watch bracelets	1,033	631	1,180
– costume jewellery	1,375	1,154	1,175
– accessories	192	291	453
	2,600	2,076	2,808

The following table sets forth the breakdown of our turnover by geographical location and the respective number of products sold for the periods indicated:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Turnover			
Sales to			
– Switzerland	255,013	216,017	284,568
– Hong Kong	56,595	30,701	69,832
– Other European and Asian countries	12,990	10,210	44,206
	324,598	256,928	398,606

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	'000 pcs	'000 pcs	'000 pcs
Quantity sold to			
– Switzerland	1,729	1,470	1,657
– Hong Kong	625	309	351
– Other European and Asian countries	246	297	800
	2,600	2,076	2,808

During the Track Record Period, watch bracelets remained our key product line and contributed about 74.7%, 70.4% and 77.3% of our total turnover and about 39.7%, 30.4% and 42.0% of our total quantity of products sold during each of the three years ended 31 December 2010, respectively. In general as the market price of a luxury watch is much higher than that of the costume jewellery and accessories, demand for luxury watches is more sensitive to the economic downturn during the financial crisis in 2009 compared costume jewellery and accessories, resulting in a decline in turnover contribution by watch bracelets during the year ended 31 December 2009. The turnover contribution by watch bracelets had recovered in the year ended 31 December 2010 back to the level before the financial crisis as in the year ended 31 December 2008 when market demand for luxury watches recovered with the economic recovery after the financial crisis in 2010. Switzerland and Hong Kong are the two major markets of our products. Decline in turnover generated from both Switzerland and Hong Kong was observed in 2009 due to the worldwide impact of the global financial crisis. As the global economy recovered in late 2009, turnover from both Switzerland and Hong Kong in 2010 had recovered and exceeded that of 2008.

A similar trend was observed in our sales volume of different product categories during the Track Record Period. During the global financial crisis in 2009, our quantity sold as watch bracelets and costume jewellery had exhibited a decline of about 38.9% and 16.1% respectively, while quantity sold as accessories had exhibited an increase of about 51.6% in 2009. A more severe decline in quantity sold as watch bracelets was observed in 2009 because of the higher sensitivity to the economic downturn of luxury watches when compared to the change in numbers of quantity sold as costume jewellery and accessories due to the higher market price of the luxury watches than that of the costume jewellery and accessories in general. Even though we started to manufacture accessories in 2007 only and the sales volume contributed by accessories remained the least when compared to that of watch bracelets and costume jewellery in 2008, as we continued to develop our reputation in the industry from our high standard of quality, we managed to attract new accessories customers and sales orders during the financial crisis. Together with the small base sales volume in the year 2008 for accessories, quantity sold as accessories in 2009 had managed to record a year-on-year increment of about 51.6%. After the financial crisis ended, the sales volume of our products had also recovered together with our turnover during the year ended 31 December 2010.

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Fluctuation of the average selling prices of our products

The following table shows the average selling price and the fluctuations of the average selling prices of our products during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
	HK\$	HK\$	HK\$
Average selling price of			
– watch bracelets	234.7	286.7	261.0
– costume jewellery	55.8	58.5	59.1
– accessories	28.0	29.5	46.5
		Percentage increase/(decrease)	
		2009	2010
Watch bracelets		22.2%	(8.9)%
Costume jewellery		4.8%	1.0%
Accessories		5.4%	57.6%

The fluctuation in average selling price of our products mainly depends on the fluctuation in the selling price of, and the market demand for, the end products of the respective brand owners, which in turn is affected by the global economy environment, or the economy environment of the region the respective brand owners targeting at. Even during the global financial crisis we had managed to maintain our product pricing strategy of adopting a cost-plus basis with a margin comparable to that before the global financial crisis when we were developing our product pricing in 2009. As most of the end customers of our products are internationally renowned brand owners with strong presence in the global luxury products market, the pricing of their products are not sensitive to the global economic environment fluctuations and had provided a strong supporting for the selling price of our products even in an adverse economic environment. Fluctuations in the average selling price of our products were mainly affected by the product mix of different products with different pricing, even in the same product category.

The average selling price of our watch bracelets for the three years ended 31 December 2010 were about HK\$234.7, HK\$286.7 and HK\$261.0 per watch bracelet, respectively. It was observed that demand for watch bracelets priced above our average selling price were more stable than those priced below our average selling price. Our Directors believe that as the impact of the financial crisis on the disposable income of the middle class was much severe than that of the high-income class, demand for the top-tier luxury watches was less affected by the financial crisis compared with that of the middle-tier luxury watches. Since the demand for the top-tier luxury watches was less affected, the demand for the higher-price watch bracelets for the top-tier luxury watches was also less affected by the financial crisis, and a higher proportion of such higher-price watch bracelets was being sold relative to the total watch bracelets we sold in 2009 and

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driving up the average selling price of our watch bracelets in 2009. With the market recovered in 2010, demand for the middle-tier luxury watches recovered, causing a decline in the proportion of the higher-price watch bracelets sold relative to the total number of watch bracelets we sold, and hence the average selling price of our watch bracelets in 2010.

During the Track Record Period, the average selling price of our costume jewellery had remained stable with a percentage change of less than 5% per year. Comparatively, as we started to manufacture accessories in 2007, both the volume and the price of accessories we made in 2008 was much lower than that of the costume jewellery and resulting in a much lower average selling price for the accessories. Average selling price of our accessories remained at a low level during the financial crisis in 2009. As the market recovered from the financial crisis, demand for accessories increased, together with the customers' confidence on our product quality, we had received orders for higher price accessories from our customers and hence driving the average selling price of our accessories up in 2010, closing the price difference between the average selling price of accessories and that of the costume jewellery.

Cost of goods sold

Our cost of goods sold includes costs of production materials, labour and manufacturing overhead. Labour costs include wages and overtime work compensation paid to production workers as well as staff benefits such as meal allowances and social insurance expenses paid for them. Manufacturing overhead includes subcontracting charges and depreciation and utilities expenses incurred during our production process.

The following table sets forth the breakdown of our cost of goods sold for the periods indicated:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Direct material costs	77,651	73,952	94,693
Direct labour costs	58,833	54,667	80,221
Manufacturing overhead	66,208	28,737	53,022
	202,692	157,356	227,936

As the production process of watch bracelets, costume jewellery and accessories are largely similar, together with the fact that no operating results and other discrete financial information is available for the assessment of performance of the respective products and locations other than revenue analysis, information of the cost of goods sold of our Group by product categories is not available.

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Our cost of goods sold fluctuates primarily as a result of the change in sales and production volume during the Track Record Period. Costs of production materials and labour costs constituted the two major components of total cost of goods sold and in aggregate they accounted for about 67.3%, 81.7% and 76.7% of the total costs of goods sold for the three years ended 31 December 2010 respectively. A significant increase in percentage of cost of goods sold accountable by the cost of production materials and labour costs in 2009 to about 81.7% of the total cost of goods sold from about 67.3% in 2008 was mainly due to the reduction in subcontracting charges incurred for polishing and drilling of holes in component parts before assembling as a result of the increase in in-house production process as part of our cost saving measures during the financial crisis. During the Track Record Period, subcontracting charges incurred by us had reduced from about HK\$31.9 million for the year ended 31 December 2008, or about 15.7% of the total cost of goods sold of 2008, to about HK\$4.3 million for the year ended 31 December 2009, or about 2.7% of the total cost of goods sold of 2009, and about HK\$14.1 million for the year ended 31 December 2010, or about 6.2% of the total cost of goods sold of 2010, which had increased as a result of the substantial increase in sales during the year 2010 compared to that of 2009. Nevertheless, the increase in our production capacity during the year had enabled us to increase the use of in-house production process as a continuation of our cost saving measures adopted during the financial crisis. As a result we had reduced the use of subcontractors and had significantly reduced the subcontracting charges incurred as a percentage of total cost of goods sold in 2010 when compared to that of 2008.

Fluctuation of the average purchase prices of our production materials

Costs of production materials represents the largest component of the total cost of goods sold of our Group, accounted for about 38.3%, 47.0% and 41.5% of the total costs of goods sold of our Group for each of the three years ended 31 December 2010, respectively. The following table shows the average purchase price per metric ton and the fluctuations of the average purchase prices of stainless steel plates, one of our main production materials used in our production, during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Stainless steel plates per metric ton	60.7	37.2	43.6
		Percentage (decrease)/increase	
		2009	2010
Stainless steel plates		(38.7)%	17.2%

Similar price fluctuation in other stainless steel production materials we used in our production was observed during the Track Record Period. The fluctuation in our average purchase prices of stainless steel mainly depends on the fluctuation in the market prices of Grade 316L stainless steel which is affected by the demand for stainless steel used in the

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manufacturing of industrial machinery, transportation, metal goods and building and construction materials. Despite a significant decrease in average purchase prices of stainless steel was observed during the year 2009, percentage of costs of production materials to the total cost of goods sold during the year ended 31 December 2009 had increased to about 47.0% from about 38.3% in the year ended 31 December 2008. Such increment was mainly attributable to the change in product mix of our sales during the year. Additionally, as the subcontracting charges incurred during the year had decreased substantially, a much higher percentage of cost of production materials to the total cost of goods sold was observed for the year ended 31 December 2009.

We do not engage in any hedging transactions to protect us against price fluctuations as our Directors consider that the fluctuations in the costs of our production materials are generally in line with fluctuations in the selling prices of our products. In recent years, we experienced price fluctuations in our production materials due to the above-mentioned factors. Nevertheless, we were able to offset the impact of price increase in production materials by correspondingly increasing the selling price of our products to the extent that our gross margin had not been negatively affected by such increase in costs of production materials.

Fluctuation of the average labour costs

Labour costs constitutes the second largest component of the total cost of goods sold after the cost of production materials, and accounted for about 29.0%, 34.7% and 35.2% of our total costs of goods sold for each of the three years ended 31 December 2010, respectively. The fluctuation in the labour costs incurred as cost of goods sold was mainly in line with the fluctuation in the sales of our products during the Track Record Period. The following table shows the average labour costs and the fluctuations of the average labour costs during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
Total direct labour costs (HK\$'000)	58,833	54,667	80,221
Average number of workers directly involved in the manufacturing process during the year	2,457	1,940	2,686
Average direct labour costs per worker per month (HK\$)	1,995	2,348	2,489
		Percentage increase	
		2009	2010
Average direct labour cost per worker per month		17.7%	6.0%

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The fluctuation in our average labour costs mainly depends on the minimum wage level as required by the Labour Law of the PRC. Nevertheless, our average direct labour cost per worker per month for each of the three years ended 31 December 2010 were higher than the applicable minimum wage level on us for the respective corresponding year, resulting from the higher base salary we paid our workers comparing with the applicable minimum wage level, and the overtime payment earned by our workers. Our Directors consider that the fluctuation of our average labour costs as shown above during the Track Record Period is generally in line with the price fluctuation of our average selling price of our products.

Gross profit

Our gross profit for each of the three years ended 31 December 2010 were about HK\$121.9 million, HK\$99.6 million and HK\$170.7 million, respectively. Our gross margin was about 37.6%, 38.8% and 42.8% for each of the three years ended 31 December 2010, respectively. Our gross profit had declined with sales in the year 2009 when compared with 2008 as a result of the global financial crisis. Following the recovery in the post-financial crisis, the gross profit of our Group for the year ended 31 December 2010 had demonstrated a strong growth in pace with the strong economic recovery in the emerging market.

Despite that sales volume had declined during the year 2009, we had successfully managed to pass on our increased labour costs and cost of production materials to our customers, we had therefore successfully maintained the gross profit margin of our Group at about 38.8%, which is comparable to the 37.6% gross profit margin of the year 2008. The increase in in-house production process had enabled us to reduce the use of subcontractors and resulted in a significant decrease in subcontracting charges incurred by us during the year 2010. Despite that there was an increase of about 22.8% in turnover in 2010 when compared to that of 2008, a decrease of about 55.8% in subcontracting charges from about HK\$31.9 million in 2008 to about HK\$14.1 million was observed. Together with the strong recovery in the global demand for luxury goods after the financial crisis, the continuing improvement in our production efficiency and economies of scale which enabled us to reduce our production costs, our gross profit margin of the year 2010 had increased from about 38.8% in 2009 to about 42.8% in 2010.

We adopt the same cost-plus basis when we develop the quotations for our customers. A largely similar margin is added to the cost of productions of our products estimated based on the bills of materials of each of our products regardless of the category of the products, i.e. watch bracelets, costume jewellery and accessories. As there is no operating results and other discrete financial information available for the assessment of performance of the respective product categories and locations other than revenue analysis, information of the gross profit and gross profit margin of our Group by product categories is not available.

Net profit

Our net profit for each of the three years ended 31 December 2010 were about HK\$61.5 million, HK\$52.2 million and HK\$91.0 million, respectively. Our net profit margin was about 18.9%, 20.3% and 22.8% for each of the three years ended 31 December 2010, respectively. The fluctuation of our net profit is about the same as that of our gross profit during the Track Record Period. Our net profit margin also demonstrated similar movement as that of the gross profit margin during the Track Record Period. Save for the about HK\$1.9 million net profit attributable to the non-controlling interests of our Company recorded in the year 2008, or about 3.2% of the total net profit of our Group for the year 2008, net profit amounting to about HK\$202.7 million in aggregate recorded during the Track Record Period was attributable to the owners of our Company.

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For the year ended 31 December 2008

Turnover for the year ended 31 December 2008 amounted to about HK\$324.6 million, of which the sales of watch bracelets, costume jewellery and accessories amounted to about HK\$242.4 million, 76.8 million and HK\$5.4 million, respectively, representing about 74.7%, 23.6% and 1.7% of the total turnover of the year, respectively. Average selling price of our watch bracelets, costume jewellery and accessories was about HK\$234.7 per piece of watch bracelet, about HK\$55.8 per piece of costume jewellery and about HK\$28.0 per piece of accessory respectively. Switzerland was our top sales region during the year 2008, accounting for about 78.6% of our total turnover for 2008. During the year ended 31 December 2008, our sales to Switzerland amounted to about HK\$255.0 million. The remaining part of our sales was made to Hong Kong and other European and Asian countries.

Costs of goods sold of the year mainly comprises of direct labour costs and production material costs, representing about 29.0% and 38.3% of the total costs of goods sold of the year respectively. Gross profit was about HK\$121.9 million for the year ended 31 December 2008, representing a gross profit margin of about 37.6%.

Other income of the year mainly represented scrap materials sales income of about HK\$0.9 million arose from the sales of stainless steel scrap resulting from the cutting process during our production. Our Group also received certain amount of claims from our suppliers as other income during the year. Other losses of our Group mainly represented foreign exchange loss of about HK\$2.5 million incurred during the year and certain aged trade receivables of Winox Manufacturing recorded from the year 2000 to 2007 with an aggregated amount of about HK\$2.9 million being written off upon the cessation of business of Winox Manufacturing. A loss on disposal of property, plant and equipment amounting to about HK\$3.1 million had also been charged as an other loss during the year.

Selling and distribution costs for the year ended 31 December 2008 was amounted to about HK\$18.0 million, which was mainly attributable to commission cost of about HK\$12.9 million, staff salaries of about HK\$2.1 million and transportation cost of about HK\$1.8 million, representing about 71.4%, 11.6% and 10.1% of the total selling and distribution costs for the year respectively.

Administrative expenses, which was mainly comprised of staff salaries and allowance of about HK\$10.3 million and depreciation and amortization charges of about HK\$4.1 million, was amounted to about HK\$23.3 million for the year ended 31 December 2008.

Our finance costs incurred during the year ended 31 December 2008 was amounted to about HK\$0.6 million for the year on the interest-bearing banking facilities. Our gearing ratio (being total interest-bearing bank borrowings divided by total assets) as at 31 December 2008 was equaled to about 0.17.

For the year ended 31 December 2009

Turnover decreased by about 20.8% from about HK\$324.6 million for the year ended 31 December 2008 to about HK\$256.9 million for the year ended 31 December 2009

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due to the decreased sales volume in the year 2009 primarily resulting from the worldwide decline in demand for luxury goods affected by the global financial crisis beginning from the fourth quarter of 2008 when the global market conditions were thereby adversely affected. The average selling price of stainless steel had also exhibited a decline during the year. However the reduced production volume during the year had resulted in an increase in manufacturing overhead shared by each individual piece of product produced. An increase in average labour cost had also drove up our production cost for the year.

For our watch bracelets produced during the year, the increased proportion of higher-price watch bracelets sold in the year as mentioned in the paragraph headed "Fluctuation of the average selling price of our products" above had in general increased the cost of production incurred per piece of watch bracelet as such higher-price watch bracelets require us to use stainless steel of higher quality and more manpower to manufacture. As such, the cost saving from the decrease in average stainless steel price during the year had been offset by the increased use of higher quality stainless steel, the price of which is higher than the average stainless steel price for watch bracelets. Since our selling price is developed using a cost-plus basis, our average selling price of our products during the year ended 31 December 2009 had increased in the manner as described below despite the occurrence of financial crisis.

Because of the higher degree of increase in cost per piece of watch bracelet due to the use of higher quality, and hence higher price, stainless steel when compared to that of costume jewellery and accessories during the year and a largely similar margin is added to the cost of production for all products we manufactured, a higher degree of increase in average selling price of our watch bracelets was observed against the costume jewellery and accessories, and the average selling price of our watch bracelets, costume jewellery and accessories had increased by about 22.2%, 4.8% and 5.4% respectively from about HK\$234.7 per piece of watch bracelet, HK\$55.8 per piece of costume jewellery and HK\$28.0 per piece of accessories in the year ended 31 December 2008 to about HK\$286.7 per piece of watch bracelet, HK\$58.5 per piece of costume jewellery and HK\$29.5 per piece of accessory in the year ended 31 December 2009, which had eased the pressure on our turnover we faced from the decline in sales volume during the year 2009. Even though our sales to Switzerland had decreased in 2009 by about 15.3% from about HK\$255.0 million in 2008 to about HK\$216.0 million in 2009 primarily due to the decline in global market demand for luxury goods in the financial crisis, Switzerland remained our top sales region, accounting for about 84.1% of our total turnover for 2009, as compared to about 78.6% of our total turnover for 2008.

Gross profit of the year had decreased by about 18.3% from about HK\$121.9 million for the year ended 2008 to about HK\$99.6 million for the year ended 31 December 2009. Even though our gross profit amount had declined during the global financial crisis, as we were able to pass on the increased average labour costs and cost of production materials to our customers, we had successfully managed to maintain our overall gross profit margin at about 38.8% for the year (2008: about 37.6%).

Other income of our Group recorded during the year 2009 was at a comparable level as that of 2008. Without the one-off loss on disposal of property, plant and equipment and the bad debt expenses recorded as in 2008, our other losses for the year had improved from a losses of about HK\$8.5 million in 2008 to a losses of about HK\$1.8 million in 2009.

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Selling and distribution costs had decreased by about 30.0% from about HK\$18.0 million for the year ended 31 December 2008 to about HK\$12.6 million for the year ended 31 December 2009. The percentage decrease in selling and distribution costs incurred during the year exceeded the percentage decrease in sales during the year which was primarily due the significant decrease in commission cost by about 32.6% from about HK\$12.9 million for the year ended 31 December 2008 to about HK\$8.7 million for the year ended 31 December 2009 as a result of the declined sales to the intermediary agents which required us to pay commissions during the year.

Administrative expenses had increased by about 7.7% from about HK\$23.3 million for the year ended 31 December 2008 to about HK\$25.1 million for the year ended 31 December 2009. Despite of the economic downturn, we had continued our expansion plan and raised the salary of our staff to enhance their sense of belonging during the financial crisis. As a result, our staff salaries and allowance had increased by about 17.5% from about HK\$10.3 million for the year ended 31 December 2008 to about HK\$12.1 million for the year ended 31 December 2009, and causing an overall increase in the administrative expenses of the Group in 2009.

To reduce our reliance on financing provided by our related parties and Director, we had reduced our credit balances with our related parties and Director and increased the use of interest-bearing bank borrowings. As a result, our finance costs for the year had increased by about 441.0% from about HK\$0.6 million for the year ended 31 December 2008 to about HK\$3.0 million for the year ended 31 December 2009. Due to the increased use of interest-bearing banking facilities, our gearing ratio (being total interest-bearing bank borrowings divided by total assets) as at 31 December 2009 had increased to about 0.34 from about 0.17 as at 31 December 2008.

For the year ended 31 December 2010

Turnover had increased by about 55.1% from about HK\$256.9 million for the year ended 31 December 2009 to about HK\$398.6 million for the ended 31 December 2010, primarily as a result of an increase in sales volume due to the increasing market demand following the global economy recovery after the global financial crisis in 2008 and 2009, in particular the booming demand for luxury products in emerging markets. The increase in sales volume in 2010 was contributed by an increase in sales volume of about 87.0% in watch bracelets, 1.8% in costume jewellery and 55.7% in accessories. Even though recovery in demand for luxury goods was observed following the recovery in global economy after the financial crisis and hence the demand for our products from our customers, the average selling price of our watch bracelets had observed a slight decline of about 9.0% as explained in the paragraph headed "Fluctuation of the average selling price of our products" above, which had slightly offset the strong recovery of sales in terms of sales volume during the year 2010. The average selling price of costume jewellery of about HK\$59.1 per piece of costume jewellery had remained stable during the year 2010 when compared to that of 2009 of about HK\$58.5 per piece of costume jewellery. Strong growth in both sales volume and average selling price per piece of accessory product of about 55.7% and 57.6% respectively had also been contributing to the overall sales growth observed for the year ended 31 December 2010. Due to our business growth and the increase in sales of costume jewellery and accessories in our

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product mix during the year 2010, our reliance on Switzerland customers had declined. Nevertheless Switzerland remained the top sales region for our products, contributing about 71.4% of our total turnover for 2010, as compared to about 84.1% of the total turnover for 2009. Turnover generated from Switzerland increased by about 31.7% from about HK\$216.0 million for 2009 to about HK\$284.6 million for 2010, which was in line with the recovery in watches industry of Switzerland as indicated by the strong recovery in watches export by Switzerland in 2010.

Gross profit of the year had increased by about 71.4% from about HK\$99.6 million for the year ended 2009 to about HK\$170.7 million for the year ended 31 December 2010. Our overall gross profit margin had also increased from about 38.8% in 2009 to about 42.8% in 2010 as a result of the continuing improvement in our production efficiency and economies of scale. The continuous expansion of our scale of production and market share have also made it possible for us to maintain a certain level of bargaining power in negotiating the purchase prices of our production materials with our suppliers. However such cost saving achieved from economies of scale in the production and the increase in bargaining power with our suppliers had been partially offset by the increase in direct labor costs from about HK\$54.7 million for the year ended 31 December 2009 to about HK\$80.2 million for the year ended 2010 due to the increase in the number of workers required for our expanded operations, and to a lesser extent, an increase in the average salary and benefits of our workers. On the other hand, the negative impact on our gross profit resulting from the increase in the price of stainless steel, the principal production material used by us, had been relieved by successfully passing the increased costs to our customers through price increment. Other auxiliaries cost of goods sold such as utilities costs, machinery depreciation and the repair and maintenances incurred during the year 2010 had also increased when compared to that in 2009 as a result of the expanded operations in response to the increasing market demand for the products of the respective brand owners, and hence our products.

Other income of our Group had increased from about HK\$1.3 million for the year ended 31 December 2009 to about HK\$4.1 million for the year ended 2010, primarily as a result of the substantial increase in income from the sale of scrap materials during the year. Other losses of the year remained at a comparable level to that for the previous year before.

Selling and distribution costs comprised mainly commission cost which had increased by about 75.9% to about HK\$15.3 million for the year ended 31 December 2010 (2009: about HK\$8.7 million) primarily as a result of the increased sales to the intermediary agents which required us to pay commissions by about 53.7% during the year 2010, which is in line with the increase in turnover of our Group from about HK\$256.9 million for the year ended 31 December 2009 to about HK\$398.6 million for the year ended 31 December 2010.

Administrative expenses for the year ended 31 December 2010 had increased by about 39.7% to about HK\$35.0 million for the year ended 31 December 2010 (2009: about HK\$25.1 million) primarily as a result of the significant increase in auditors' remuneration to about HK\$1.8 million (2009: about HK\$0.1 million), and salaries and allowance of administrative and management staff to about HK\$15.9 million (2009:

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about HK\$12.1 million) in the year ended 31 December 2010 as a result of the increase in the number of administrative employees who were recruited for our expanded operations and in connection with the Share Offer and the increasing administrative works as a listed company upon the completion of the Listing. The commencement of professional work directly in relation to the Listing in late 2010 had also resulted in an amount of about HK\$5.2 million listing expenses charged against our results for the year ended 31 December 2010.

Due to the increased investments in production facilities, purchase of inventories and working capital financing, we had increased our borrowings in the year 2010 and resulting in an about 64.4% increment in the finance costs incurred during the year 2010 to about HK\$4.9 million (2009: about HK\$3.0 million). As a result, our gearing ratio (being total interest-bearing bank borrowings divided by total assets) as at 31 December 2010 had increased to about 0.42 from about 0.34 as at 31 December 2009.

Major balance sheet items

Inventories

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Raw materials	16,720	8,584	9,563
Work in progress	18,413	13,544	30,647
Finished goods	11,187	3,305	423
	46,320	25,433	40,633

As at 31 December 2008, 2009 and 2010, our Group recorded an inventory balance of about HK\$46.3 million, HK\$25.4 million and HK\$40.6 million respectively, representing raw materials for productions such as stainless steel rods and stainless steel plates, work in progress and finished goods pending for shipment to our customers. No provision for inventories had been made by our Group during the Track Record Period. The raw materials and finished goods inventories of the respective year during the Track Record Period, which represented about 60.2%, 46.7% and 24.6% of the total inventories balance for each of the three years ended 31 December 2010 respectively, had been on a decreasing trend due to our Group's new inventory management and production policy aimed at enhancing and streamlining our production planning process so as to reduce the needs to maintain a high level of spare raw materials and finished goods. The work in progress balance had increased substantially as at 31 December 2010 when compared to that at 31 December 2008 and 2009 due to the increased sales order received during late 2010, and a higher quantity level of products were being manufactured as at the year end date 31 December 2010. As at 30 April 2011, about 65.6%, 94.1% and 100.0% of the raw materials, work in progress and finished goods respectively as at 31 December 2010 had been subsequently utilized for production or sold, where applicable.

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The following table sets out our average inventories turnover days during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
Average inventories turnover days (<i>Note</i>)	49.8	83.2	52.9

Note: Average inventories turnover days for each of the three years ended 31 December 2010 were calculated as the average inventories balance of the beginning and ending of the year divided by the costs of goods sold of the respective years and multiplied by 365 days.

The increase in inventories turnover days from about 49.8 days in 2008 to about 83.2 days in 2009 was mainly in response to the request of our customers to delay or slow down the delivery of our products they ordered during the financial crisis in 2009. With the financial crisis ended and sales of the end products of our customers recovered in 2010, they had requested us to resume the delivery of our products in accordance with the normal delivery schedules, hence our inventories turnover days for the year ended 31 December 2010 had returned to a comparable level as in 2008.

Trade and other receivables

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	32,230	41,046	89,667
Prepayments and deposits	334	340	3,324
Prepaid lease payments charged within one year	151	151	156
Other tax recoverables	452	–	2,846
Others	330	243	1,615
	1,267	734	7,941
	33,497	41,780	97,608

As at 31 December 2008, 2009 and 2010, our Group recorded trade receivables balances of about HK\$32.2 million, HK\$41.0 million and HK\$89.7 million respectively. Except for the bad debt expense recorded in 2008 for a sum of about HK\$2.9 million, being the amount of trade receivable recorded by Winox Manufacturing from 2000 to 2007 which our Directors consider to be non-recoverable when Winox Manufacturing ceased its business in December 2008, we had not provided for any other allowances for doubtful debts in the three years ended 31 December 2010. The increase in

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our trade receivables balances from 31 December 2008 to 31 December 2009 was primarily due to the deferred settlements and extra credit demanded by our customers as a result of the global financial crisis. The increase in our trade receivables from 31 December 2009 to 31 December 2010 was primarily due to the higher sales we made in late 2010. In view of the increased orders received in early 2010 and the development time of 6 to 12 months required for watch bracelets, our major product category, we began to ship the increased order to our customers in the second half of 2010, resulting in a higher level of sales recorded in late 2010, and hence a higher level of the trade receivables balance as at the year ended 31 December 2010.

The following table sets out the aging analysis of our trade receivables as at 31 December 2008, 2009 and 2010, respectively, based on the relevant invoices dates:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	14,182	23,456	46,182
31 to 60 days	6,993	6,577	42,866
61 to 90 days	9,014	5,094	446
Over 90 days	2,041	5,919	173
	32,230	41,046	89,667

Amount past due but not impaired

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Within 60 days	12,259	9,673	41,666
61 to 90 days	–	4,248	–
Over 90 days	525	1,672	173
	12,784	15,593	41,839
Percentage to total trade receivables balance	39.7%	38.0%	46.7%

The credit period granted by us to our customers is considered on a case-by-case basis ranging from 30 days to 90 days. However we do not normally grant credit to new customers, short-term customers and customers who are relatively small in terms of sales volume to us. Sales to such customers are normally expected to be settled on an advance basis or on delivery.

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About 39.7%, 38.0% and 46.7% of our trade receivables had past due as at 31 December 2008, 2009 and 2010, respectively. Even though a major portion of our trade receivables had been past due as at the respective year end date, since our customers are mostly intermediary agents of brand owners of internationally renowned brands and brand owners of such brands who are our direct customers, we had not experienced any material collectability problem during the Track Record Period. Most of such trade receivables balances had also been subsequently settled by our customers within three months subsequent to the respective year end date. As at 31 December 2010, about HK\$173,000 trade receivables balance was past due with age over 90 days. Such balance had been subsequently settled by our customer in full in January 2011. As at the Latest Practicable Date, our Directors are not aware of any indicators that impairment for any of our trade receivables balances is needed.

As at 31 December 2008, 2009 and 2010, trade receivables with age ranging from 0 day to 90 days had accounted for about 93.7%, 85.6% and 99.8% of the total trade receivable balances as at the respective year end date, respectively. Since the global financial crisis broke out in late 2008, our customers had made full use of the credit period we granted them, which had driven up the trade receivables balance as at 31 December 2009 despite of the decline in turnover during the year, and making the trade receivables balance as at 31 December 2009 having the highest percentage of trade receivables with age over 90 days among the three years ended 31 December 2010. With the gradual economic recovery from the global financial crisis, the business of our customers had also recovered, and our customers had also accelerated their repayment to us since then. As a result, the percentage of trade receivables with age over 90 days gradually decreased during the year ended 31 December 2010. The higher amount of sales we made in late 2010 had contributed to the significant increase in trade receivables balance with age ranging from 0 day to 60 days as at 31 December 2010.

The global financial crisis had not affected the collectability of our trade receivables. Despite that the percentage of our trade receivables with age above 90 days were the highest as at 31 December 2009 among the three year end dates at 31 December 2008, 2009 and 2010, the percentage of receivables past due but not impaired to the total trade receivables balance as at 31 December 2009 remained comparable with, and was even lower than, that as at 31 December 2008. On the other hand the percentage of receivables past due but not impaired to the total trade receivables balance as at 31 December 2010 was the highest among the three year end dates at 31 December 2008, 2009 and 2010 merely because the percentage of trade receivables from customers with credit period longer than 30 days was the least among the three years ended 31 December 2010 following the increase in sales to customers with 30 days credit period during the year. Nevertheless, since our customers are mostly intermediary agents of brand owners of internationally renowned brands and brand owners of such brands who are our direct customers, the Directors considered that even though we do not hold any collateral over these receivables, the default risk faced by us was relatively minimal and we were not normally required to provide any allowances for the aged receivables. Of the about HK\$89.7 million trade receivables as of 31 December 2010, about HK\$89.3 million were subsequently settled by our customers during the four months ended 30 April 2011.

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The following table sets out our average debtors' turnover days during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
Average debtors' turnover days			
(Note)	55.2	52.0	59.8

Note: Average debtors' turnover days for each of the three years ended 31 December 2010 were calculated as the average trade receivables balance of the beginning and ending of the year divided by the turnover of the respective years and multiplied by 365 days.

The debtors' turnover days of our Group remained relatively stable during the Track Record Period, ranging from about 52.0 days to 59.8 days, which were well within the credit period granted to our customers. Our Directors believe that the higher debtors' turnover days of our Group recorded for the year ended 31 December 2010 was the result of the high trade receivables balance recorded as at 31 December 2010 and was not a signal of deteriorating credit worthiness of our customers as our customers were mostly intermediary agents of brand owners of internationally renowned brands and brand owners of such brands who were our direct customers and over 99.6% of the trade receivables balance as at 31 December 2010 had been subsequently settled as at 30 April 2011.

As at 31 December 2008, 2009 and 2010, our Group recorded prepayment, deposits and other receivables balances of about HK\$1.3 million, HK\$0.7 million and HK\$7.9 million respectively. Our prepayment, deposits and other receivables remained relatively stable during the two years ended 31 December 2008 and 2009. The increase in prepayment, deposits and other receivables during the year ended 31 December 2010 was mainly due to the increase in deposit paid for the extra office spaces we rented during the year to facilitate our expanding operations, and value-added tax recoverable for the value-added tax we paid for our production materials purchased in the PRC as all of our sales were export sales during the Track Record Period which is eligible for a value-added tax refund.

Amounts due from related parties as at 31 December 2008, 2009 and 2010 were about HK\$5.7 million, HK\$26.7 million and HK\$0.5 million respectively which represent advances made to related companies during the respective year. The advances made were unsecured, interest-free and repayable on demand. The outstanding balance as at 31 December 2010 had been subsequently settled by the debtors in 2011.

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Trade and other payables

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Trade payables	18,802	12,261	27,116
Payroll and welfare payable	8,451	11,654	16,807
Receipts in advances	1,780	3	4
Commission and other payables to intermediary agents	4,430	8,742	8,338
Payables for acquisition of property, plant and equipment.	–	1,355	2,651
Other tax payables	–	462	–
Others	330	848	1,203
	14,991	23,064	29,003
	33,793	35,325	56,119

As at 31 December 2008, 2009 and 2010, our Group recorded trade payables balances of about HK\$18.8 million, HK\$12.3 million and HK\$27.1 million, respectively. As a result of the decrease in purchasing activities in response to the declining sales during the global financial crisis, our trade payables balance had decreased during the year 2009. Following the global economic recovery in 2010, our purchasing activities had recovered in line with our sales and had even exceeded the previous levels during the Track Record Period, demonstrating an about 121.2% increase from the trade payables balances of 2009.

The following table sets out the aging analysis of our trade payables as at 31 December 2008, 2009 and 2010, based on the relevant invoice dates:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	4,643	4,911	9,177
31 to 60 days	4,295	4,090	10,112
61 to 90 days	3,595	1,560	4,133
Over 90 days	6,269	1,700	3,694
	18,802	12,261	27,116
	18,802	12,261	27,116

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Our Group normally receive credit terms of 30 to 60 days from our suppliers. During the global financial crisis, after taking into consideration the tightened credit in the market and the impact of such on our suppliers, together with our strong cash flow from operations, we had accelerated the settlement of the trade payable balances to avoid long outstanding payable balances so as to maintain a good relationship with our suppliers. As a result, trade payable balances with age ranging from 0 to 90 days had demonstrated an increasing trend during the Track Record Period, which accounted for about 66.7%, 86.1% and 86.4% of our total trade payable balances as at 31 December 2008, 2009 and 2010, respectively. We had settled about 90.3% of our trade payables balance as at 31 December 2010 up to 30 April 2011.

The following table sets out our average creditors' turnover days during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
Average creditors' turnover days			
(Note)	59.1	36.0	31.5

Note: Average creditors' turnover days for each of the three years ended 31 December 2010 were calculated as the average trade payables balance of the beginning and ending of the year divided by the cost of goods sold of the respective years and multiplied by 365 days.

The decrease in creditors' turnover days from about 59.1 days in 2008 to about 36.0 days in 2009 was primarily due to our acceleration in settling our trade payables balances with our suppliers during 2009. As a result of our accelerated settlement of our trade payables our creditors' turnover days had further decreased to 31.5 days in 2010 from about 36.0 days in 2009.

Other payables and accruals mainly include commission and other payables to our intermediary agents which required us to pay commissions, salaries and welfare payable and other payables arose from our operations. As at 31 December 2008, 2009 and 2010, our Group recorded other payables and accruals balances of about HK\$15.0 million, HK\$23.1 million and HK\$29.0 million, respectively. As at 31 December 2009, about HK\$8.1 million increase, or about 53.9% year on year growth, in the other payables and accruals balances was observed. Such increment was mainly contributed by the increase in commission and other payables of about HK\$4.3 million in light of the gradual recovery in sales in late 2009 following the end of financial crisis and about HK\$3.2 million increase in payroll and welfare payables at year end. At 31 December 2010, the other payables and accruals balances further increased by about 25.8% year on year as a result of the significant increase in payroll and welfare payable of about HK\$5.2 million, or about 44.2%, at the year end. During the Track Record Period, significant increase in payroll and welfare payable was mainly representing the increase in provision for social security payment for our workers as a result of the increasing headcount in our Dalang Factory together with the increasing minimum wage level during the Track Record Period, which forms the base of calculating the social security provision required for each of the worker. As at 30 April 2011, we had settled about 95.2% and 100% of our payroll and welfare payables and payables to intermediary agents as at 31 December 2010, respectively. Should our payroll and welfare payables be also included in the calculation of our payables' turnover days,

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our trade and payroll payables' turnover days for the three years ended 31 December 2010 would be about 70.9 days, 59.3 days and 54.3 days, respectively, which also experienced a similar decreasing trend as our creditors' turnover days during the Track Record Period.

Net current assets/(liabilities)

The following table sets out details of our current assets and current liabilities as of the dates indicated:

	At 31 December			At 30 April
	2008	2009	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)
Current assets				
Inventories	46,320	25,433	40,633	62,720
Trade and other receivables	33,497	41,780	97,608	101,829
Amount due from				
a shareholder	–	241	–	–
Amounts due from				
related parties	5,673	26,701	538	346
Pledged bank deposits	499	124	–	–
Bank balances and cash	56,040	40,232	61,793	40,876
	142,029	134,511	200,572	205,771
Current liabilities				
Trade and other payables . .	33,793	35,325	56,119	69,270
Dividend payable	–	–	1,200	–
Taxation payable	5,212	6,508	1,125	3,985
Amounts due to related				
parties	29,164	80	–	–
Amount due to a director . .	55,624	24,976	–	–
Bank borrowings	36,437	69,052	139,474	130,226
Obligations under a finance				
lease	134	134	56	11
	160,364	136,075	197,974	203,492
Net current				
(liabilities)/assets	(18,335)	(1,564)	2,598	2,279

During the Track Record Period, our Group had net current liabilities of about HK\$18.3 million and HK\$1.6 million as at 31 December 2008 and 2009 respectively, and

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net current assets of about HK\$2.6 million as at 31 December 2010. Based on the unaudited combined management accounts of our Group as at 30 April 2011, our Group had net current assets of about HK\$2.3 million. Even though according to the repayment schedule of our bank borrowings about 24.0%, 26.3% and 50.0% of our bank borrowings as at 31 December 2008, 2009 and 2010 respectively were due for repayment after one year of the respective year end date, since such bank borrowings contain a repayment on demand clause, they were being classified as current liabilities of our Group instead of non-current liabilities under HKFRS, details of which are set out in note 26 to the financial information as set out in section E of Appendix I to this prospectus. Should the bank borrowings due for repayment after one year of the respective year end date be classified as non-current liabilities instead, our Group would have recorded a net current liabilities position of about HK\$9.6 million as at 31 December 2008 instead of HK\$18.3 million as currently presented in our combined statements of financial position, be able to turnaround into a net assets position of about HK\$16.6 million as at 31 December 2009 instead of recording a net current liabilities position of about HK\$1.6 million as currently presented in our combined statements of financial position, and recorded a net current assets position of about HK\$72.3 million as at 31 December 2010 instead of about HK\$2.6 million as currently presented in our combined statements of financial position. Nevertheless, as set out in the paragraph headed "Significant events subsequent to the Track Record Period" below, the financial institution providing us the said bank borrowings had revised and amended the repayment on demand clause in May 2011 which would then allow us to classify our bank borrowings due for repayment after one year of the year end date as non-current liabilities, and as a result significantly improve our net current assets value position in the future.

During the Track Record Period, our Group's current assets mainly comprised inventories, trade and other receivables, amounts due from a shareholder and related parties, pledged bank deposits and bank balances and cash, whereas our Group's current liabilities mainly comprised trade and other payables, amount due to related parties and a director, interest-bearing bank borrowings which were repayable within one year and tax payables. Based on the unaudited combined management accounts of our Group as at 30 April 2011, our Group had current assets of about HK\$205.8 million which mainly comprised inventories, trade and other receivables and bank balance and cash, and current liabilities of about HK\$203.5 million which mainly comprised trade and other payables and bank borrowings.

During the Track Record Period, our net current assets value position as at 31 December 2008, 2009 and 2010 had been improving gradually from a net current liabilities position of about HK\$18.3 million as at 31 December 2008 to a net current assets position of about HK\$2.6 million as at 31 December 2010. Our net current liabilities position as at 31 December 2008 and 2009 were mainly resulted from the utilization of bank borrowings and advances from related parties and a director for financing our expansion during the Track Record Period. As detailed in the paragraph headed "Indebtedness" below, such bank borrowings was resulted from the increase in utilization of our bank facilities to reduce our credit balances with, and hence reliance on, our related parties and directors and as a result of increased investments in production facilities, purchase of inventories and working capital financing during the Track Record Period. The Group had achieved a net current assets position as at 31 December 2010 as a result of the income stream generated from our business.

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Amounts due from related parties

As at 31 December 2008, 2009 and 2010, our Group recorded amounts due from related parties of about HK\$5.7 million, HK\$26.7 million and HK\$0.5 million, respectively, which mainly represented funds advanced to related parties. Such balances were of non-trading nature and were interest-free, unsecured and repayable on demand. As at the Latest Practicable Date, all of the amounts due from related parties had been fully settled.

Amounts due to a Director/related parties

As at 31 December 2008, 2009 and 2010, our Group recorded an amount due to a Director of about HK\$55.6 million, HK\$25.0 million and nil respectively, which was provided to us for financing our expansion during the Track Record Period. Such balances were of non-trading nature and were interest-free, unsecured and repayable on demand. As at the Latest Practicable Date, the amounts due to the Director have been fully settled.

As at 31 December 2008, 2009 and 2010, our Group recorded amounts due to related parties of about HK\$29.2 million, HK\$0.1 million and nil respectively, which mainly represented funds advanced from related parties for financing our business operation and expansion during the Track Record Period. Such balances were of non-trading nature and were interest-free, unsecured and repayable on demand. As at the Latest Practicable Date, the entire amounts due to the related parties have been fully settled.

Property, plant and equipment

As at 31 December 2008, 2009 and 2010, our Group's property, plant and equipment had net book values of about HK\$62.3 million, HK\$64.3 million and HK\$94.6 million, respectively. As at 31 December 2010, the net book value of our buildings as well as plant and machinery amounted to about HK\$41.2 million (2009: HK\$31.0 million; 2008: HK\$32.2 million) and HK\$44.6 million (2009: HK\$23.2 million; 2008: HK\$23.3 million) respectively, which primarily represented our production facilities in the Dalang Factory. Our production facilities in our Dalang Factory accounted for about 92.3% (2009: 99.4%; 2008: 99.2%) of the total net book value of our Group's property, plant and equipment in aggregate. DTZ Debenham Tie Leung Limited, an independent property valuer, has valued the property interests attributable to our Group as at 30 April 2011 at about RMB69.1 million (equivalent to about HK\$81.3 million), inclusive of the market value of the eight buildings which did not have the building ownership certificates amounting to about RMB13.7 million (equivalent to about HK\$16.1 million) (on the assumption that the building ownership certificates will be issued in due course). The text of its letter and a summary of valuation and valuation certificates are set out in Appendix IV to this prospectus.

Our Group's capital expenditures in the year 2008, 2009 and 2010 amounted to about HK\$8.7 million, HK\$10.1 million and HK\$33.4 million, respectively, and were principally used in purchases of production machinery and equipment, and payments of the construction for the expansion of our production plant and facilities.

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A reconciliation of the net book value of the relevant property interests as at 31 December 2010, to their fair value as at 30 April 2011 as stated in Appendix IV to this prospectus is as follows:

	HK\$'000
Net book value of the properties as at 31 December 2010	
as per Appendix I to the prospectus:	
Buildings	41,193
Land use rights	7,126
	48,319
Movements for the four months ended 30 April 2011:	
Acquisitions of lands and buildings (unaudited)	7,144
Depreciation on the buildings (unaudited)	(658)
Amortisation on prepaid land leases (unaudited)	(53)
Net book value of the properties as at 30 April 2011	54,752
Revaluation surplus	26,566
Valuation as at 30 April 2011 as per Appendix IV	
to this prospectus (<i>Note</i>)	81,318

Note: As set out in the valuation report of DTZ Debenham Tie Leung Limited (“DTZ”) in Appendix IV to this prospectus, DTZ has assigned no commercial value to eight buildings in the Dalang Factory since they have not been issued with Certificate of Real Estate Ownership. As mentioned in the valuation report, on the assumption that the Certificate of Real Estate Ownership will be issued in due course, the market value in existing state of the said eight buildings as at 30 April 2011 would be RMB13,706,000. The valuation of property interests of HK\$81,318,000 as at 30 April 2011 as shown above comprised the aggregate market value of the properties of RMB55,414,000 (equivalent to about HK\$65,193,000) as at 30 April 2011 as appraised by DTZ set out in page IV-5 of this prospectus and the market value of the said eight buildings of RMB13,706,000 (equivalent to about HK\$16,125,000) as at 30 April 2011 as appraised by DTZ set out in pages IV-7 and IV-8 of this prospectus.

Prepayment for acquisition of land use right

We had made a prepayment of about RMB15.9 million (equivalent to about HK\$18.7 million) during the year ended 31 December 2010 for the land use right of five parcels of land in Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC. Of the about RMB15.9 million (equivalent to about HK\$18.7 million) prepayment made, RMB14.0 million (equivalent to about HK\$16.5 million) was paid for the consideration of RMB16.3 million (equivalent to about HK\$19.2 million), RMB1.0 million (equivalent to about HK\$1.2 million) for other related prepayment with the remaining amount of about RMB0.9 million (equivalent to about HK\$1.0 million) represented duties and expense incurred that are qualified for capitalisation as cost of land upon acquisition of the five parcels of land. The remaining consideration of about RMB2.3 million (equivalent to about HK\$2.7 million) had been classified as a capital commitment of the Group as at 31 December 2010. Details of the abovementioned land parcels are set out in the paragraph “Leased properties and the operating rights of land” under the section headed “Business” in this prospectus.

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Deposits paid for acquisition of property, plant and equipment

During the three years ended 31 December 2010, we had made deposits for the acquisition of property, plant and equipment of about HK\$2.1 million, HK\$0.5 million and HK\$7.4 million respectively to cater for our expansion in production capacity.

We expect the capital expenditures for the year ending 31 December 2011 will be amounting to about HK\$178 million, most of which will be used in the acquisition of machinery and equipments for our Dongfengcun Factory and the land use right of the Huzhen Factory. Such expenditures will be funded by the net proceeds from the Share Offer, our Group's internal resources, funds generated from our operations, and/or bank borrowings. We expect to fund our future capital expenditures, most of which are related to the construction of the Huzhen Factory and acquisition of machinery and equipment for the Huzhen Factory according to our expansion plan with our Group's internal resources, funds generated from our operations and/or our credit facilities from 2012 onwards. A discussion on our expansion plan is set out in the paragraph headed "Business strategies — Expansion of production capacity" under the section headed "Business" in this prospectus.

Deposit and prepayments for a life insurance policy

In September 2010, Winox Enterprise entered into a key-man life insurance policy (the "Policy") with an insurance company to insure Mr. Yiu with Winox Enterprise as the beneficiary and policy holder with a total insured sum of US\$4.0 million (equivalent to about HK\$31.2 million) for an expected life of 7 years. The Policy, together with another life insurance policy entered to insure Mr. Yiu for the benefit of our Group and a financial institution during the Track Record Period were made as required under the loan financing arrangement with the said financial institution. The deposit portion of the Policy will be carried at amortised cost through the 7-year expected life of the Policy, while the prepayment portion of the Policy will be amortised to profit or loss of our Group through the 7-year expected life of the Policy. No further insurance premium is required to be paid by our Group for maintaining the Policy.

TAXATION

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Islands Companies Law and, accordingly, are exempted from the payment of the Cayman Islands income tax. For our subsidiaries incorporated in the BVI, they are registered as BVI business companies under the BVI Business Companies Act and are exempted from payment of income tax of BVI.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the Track Record Period. PRC Enterprise Income Tax ("EIT") has been provided at the applicable rates in accordance with the income tax laws of the People's Republic of China.

On 16 March 2007, the new Law on EIT was passed by the National People's Congress of the PRC, the income tax rate for both domestic and foreign-investment

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enterprise was unified at 25% effective from 1 January 2008. Notwithstanding the above, according to the approval granted by Dongguan State Administration and Taxation Office under the old EIT system in the PRC, Winox WFOE is entitled to the preferential tax treatments, including exemption and reduction from the standard income tax rate during the Track Record Period, could continue to enjoy such treatments until they expire. For the year ending 31 December 2011, Winox WFOE is subject to a reduced EIT tax rate of 12.5%.

LIQUIDITY AND FINANCIAL RESOURCES

We have historically funded our operations primarily by cash flows from operating activities and borrowings from banks. We require cash for:

- our working capital requirements, such as product manufacturing and development; and
- capital expenditures related to the development of new production facilities and the purchases of property, plant and equipment.

Generally, our Group maintained high level of cash for the daily transactions and operations. Our Group's cash and bank balances were about HK\$56.0 million, HK\$40.2 million and HK\$61.8 million as at 31 December 2008, 2009 and 2010 respectively, representing about 27.6%, 25.6% and 27.1% of the total cost of goods sold of our Group during the respective year, meaning that the cash and bank balances of our Group could support our cost of goods sold of not less than 3 months (2010: 99.0 days; 2009: about 93.3 days; 2008: about 100.9 days) in each of the three years ended 31 December 2010, respectively.

The following table is a summary of our cash flow data for the periods indicated:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Cash and cash equivalents at beginning of year	31,688	56,040	40,232
Net cash from operating activities	66,629	73,125	48,768
Net cash used in investing activities	(59,434)	(28,700)	(38,366)
Net cash from/(used in) financing activities	17,074	(60,233)	10,712
Net increase/(decrease) in cash and cash equivalents	24,269	(15,808)	21,114
Effect of exchange rate changes, net	83	-	447
Cash and cash equivalents at end of year	<u>56,040</u>	<u>40,232</u>	<u>61,793</u>

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Cash flows from operating activities

Our operating cash inflow are principally derived from the receipt of payments for the sales of our watch bracelets, costume jewellery and accessories. Our cash outflow to operating activities is principally for the purchase of production materials and other operating costs such as staff costs and utilities.

Net cash inflow of about HK\$66.6 million, HK\$73.1 million and HK\$48.8 million were generated from our Group's operations for each of the three years ended 31 December 2010, mainly attributable to the strong operating cash inflow generated from our business before movements in working capital. A relatively lower net cash flow from operating activities was generated in 2010 as the trade receivables balances at 31 December 2010 was higher than that at 31 December 2009 and 2008. Most of the trade receivables balances as at 31 December 2010 had been collected from our debtors as at 30 April 2011, which will be recorded as cash generated from operating activities for the year ending 31 December 2011.

Cash flows from investing activities

During the Track Record Period, our cash outflow to investing activities were principally used in purchasing and paying deposits for property, plant and equipment to cater our growing production needs. In 2010, we had also utilised about HK\$18.7 million cash as prepayment for acquisition of land use right in Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC. We had also made prepayment for a life insurance policy to insure Mr. Yiu with Winox Enterprise as the beneficiary. Aside from the purchase of and paying deposits for property, plant and equipment and paying the prepayment for the land use right in Huzhen, our Group had made advance to the ultimate holding company of Winox Manufacturing amounting to about HK\$44.1 million during the year 2008, which had been subsequently deemed appropriated to the then owners of our Company as at 31 December 2008, and advance to various related parties amounting to about HK\$5.7 million and HK\$26.7 million in the year ended 31 December 2008 and 2009 respectively, and recovered about HK\$26.7 million in the year ended 31 December 2010. Save from the repayment we received from our related parties in 2010, our Group did not generate a substantial amount of cash inflow from investing activities during the Track Record Period.

Cash flows from financing activities

During the Track Record Period our financing cash flow were principally generated from the utilization of our banking facilities and drawdown of bank borrowings, and used in the repayment of such bank borrowing and the interest accrued thereof, and the repayment of amounts due to a Director and related parties. In addition, in the two years ended 31 December 2010, dividends amounting to HK\$34.8 million and about HK\$28.1 million respectively were paid to the then shareholders of certain subsidiaries of the Company.

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Financial resources

Prior to completion of the Share Offer, the operations of our Group were financed principally by the shareholders' equity, internally generated funds and bank borrowings. Upon completion of the Share Offer, our Group expects that its operations will be financed mainly by the net proceeds of the Share Offer, internally generated funds and/or bank borrowings.

Directors' opinion on sufficiency of working capital

Taking into account the financial resources available to our Group, including internally generated funds and the estimated net proceeds of the Share Offer, and in the absence of unforeseen circumstances, our Directors are of the opinion that our Group has sufficient working capital for its requirements for at least 12 months from the date of this prospectus.

DIVIDENDS AND RESERVES

Except for certain subsidiaries of our Company declared interim dividends totalling of HK\$34,800,000 in 2009, HK\$29,320,000 in 2010 and HK\$8,800,000 in 2011 to their then shareholders prior to our Reorganisation, no dividend has been declared by other companies comprising our Group during the Track Record Period or the Company since its incorporation.

Our historical dividend distributions in the past should not be indicative of our future dividend policy. In general, the amount of future dividends to be declared by our Company will depend on our Group's results, working capital, cash position, capital requirements, the provisions of the relevant laws and other factors as may be considered relevant at such time by our Directors. The declaration, form, payment and the amount of dividends will be subject to the Board's discretion and the approval of our Shareholders from time to time. Our Directors consider that our Company's dividend policy mentioned above will not materially affect our Group's work capital position in the coming years.

As at 31 December 2010, our Company did not have any distributable reserves available for distribution to the Shareholders. However, with the sanction of an ordinary resolution, dividends may also be declared and paid out of a share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Islands Companies Law.

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INDEBTEDNESS

As at the close of business on 30 April 2011, being the latest practicable date for the purpose of the indebtedness section prior to the printing of this prospectus, our Group had outstanding indebtedness of about HK\$130,237,000 comprising obligations under a finance lease of about HK\$11,000 and bank borrowings of about HK\$130,226,000, part of which part was secured by certain of our Group's assets, including the piece of land where our Dalang Factory is located, certain properties located in our Dalang Factory and a deposit for the Policy as at 30 April 2011. As at 30 April 2011, no member of our Group had any debenture in issue or outstanding.

The following table set forth a breakdown of our borrowings as of 31 December 2008, 2009 and 2010 and 30 April 2011:

	As at 31 December			As at 30 April
	2008	2009	2010	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank borrowings repayable				
– within one year	27,687	50,902	69,739	69,170
– between one to two years	5,000	3,750	24,785	39,571
– between two to five years	3,750	14,400	44,950	21,485
	36,437	69,052	139,474	130,226
Obligations under a finance lease repayable				
– within one year	157	157	65	11
– between one to two years	157	65	–	–
– between two to five years	65	–	–	–
	379	222	65	11
Amounts due to related parties	29,164	80	–	–
Amount due to a director .	55,624	24,976	–	–
	121,604	94,330	139,539	130,237

At 31 December 2008, 2009 and 2010 and 30 April 2011, our Group has available banking facilities amounting to HK\$55,452,000, HK\$91,552,000, HK\$146,193,000 and HK\$140,671,000 respectively.

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The banking facilities available for the three years ended 31 December 2010 were guaranteed by an unlimited personal guarantee from a Director, Mr. Yiu. In addition, certain banking facilities available for the three years ended 31 December 2010 were secured by a piece of leasehold land located in PRC owned by 博羅明豐置業有限公司 (Boluo Ming Fung Zhiye Limited, for identification purpose only), a related company of our Group, during the Track Record Period till March 2010.

The banking facilities available to our Group as at 30 April 2011 were guaranteed by an unlimited personal guarantee from a Director, Mr. Yiu. The unlimited personal guarantee from Mr. Yiu will be released by the relevant financial institution upon the Listing becoming effective and a corporate guarantee being given by our Company in place of the relevant guarantee. As at 30 April 2011, our Group has unutilised overdraft facilities of about HK\$2.0 million.

Our interest-bearing bank borrowing as at 31 December 2008, 2009 and 2010 and 30 April 2011 were about HK\$36.4 million, HK\$69.1 million, HK\$139.5 million and HK\$130.2 million respectively, of which about HK\$36.4 million, HK\$69.1 million, HK\$139.5 million were classified as current liabilities in the audited combined statements of financial position of our Group for the three years ended 31 December 2010 and about HK\$130.2 million was classified as current liabilities in the unaudited combined management accounts of our Group as at 30 April 2011. Despite that according to the terms of repayment of our bank loan agreements about HK\$8.8 million, HK\$18.2 million, HK\$69.7 million and HK\$61.1 million of bank borrowings were repayable between one to five years as at 31 December 2008, 2009 and 2010 and 30 April 2011 respectively, such borrowings are required to be classified as current liabilities under HKFRS.

Our interest-bearing bank borrowings were on an increasing trend during the Track Record Period as we had increased the usage of such to reduce our credit balances with, and hence reliance on, our related parties and directors. We had also increased our interest-bearing bank borrowing as a result of increased investments in production facilities, purchase of inventories and working capital financing during the Track Record Period. As at 31 December 2010, we were required to repay about HK\$69.7 million bank borrowings within one year. We intended to repay a portion of the amount falls due by making use of the cash generated from our operations and renew the remaining portion of the borrowings when they fall due. Our Directors have confirmed that during the Track Record Period we have not experienced difficulties in meeting obligations and we have been able to repay or refinance our bank borrowings as and when they fell due.

As at the Latest Practical Date, our Group is subject to certain financial and other covenants under the abovementioned banking facilities, which include, among others, limitations to create further encumbrances over the Group's assets, maintenance of certain financial ratios, maintenance of Mr. Yiu and his family members' interest in the Company, restriction on the change in principal business of the Company, and restriction on the change of shareholding structure of the Group. Our Directors have confirmed that the Group had not breached any covenants under the bank borrowing agreements during the Track Record Period.

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The balances due to related parties and a director were unsecured, interest-free and repayable on demand and had been fully settled as at 30 April 2011.

In 2008, Winox Enterprise issued an unlimited financial guarantee to a bank in respect of banking facilities granted to Winox Manufacturing. At 31 December 2008, Winox Manufacturing had outstanding bank borrowings of HK\$4,146,000 which were guaranteed entirely by Winox Enterprise. Such financial guarantee was released during the year ended 31 December 2009.

Disclaimers

Save as otherwise disclosed above, and apart from the intra-group liabilities, our Group did not have, at the close of business on 30 April 2011, any debt securities issued and outstanding, or authorised or otherwise created but unissued, or term loans or bank overdrafts, charges or debentures, mortgages, loans, or other similar indebtedness or any finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or any guarantees or other material contingent liabilities. Our Directors confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since 30 April 2011.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Pursuant to Rule 13.18 of the Listing Rules, a general disclosure obligation will arise where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholders, such as a requirement to maintain a specified minimum holding in the share capital of the issuer.

As mentioned in the paragraph headed "Indebtedness" above, certain banking facilities granted by a financial institution require Mr. Yiu and his family to hold not less than 50% of the Shares in issue at any time during the term of the facilities. An aggregate amount of about HK\$75.4 million of the said banking facilities has been utilised by us as at 30 April 2011 and such outstanding balances shall be repaid by our Group by instalments for varying period of time, from 3 quarters to 80 months commencing from 24 February 2011. Such requirement as to the level of ownership in our Company imposed on the Controlling Shareholders under the financing arrangement result in the disclosure requirements under Rule 13.18 of the Listing Rules.

Save as disclosed above, our Directors confirmed that there are no circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules as at the Latest Practicable Date.

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COMMITMENTS

We had the following capital commitments as of 31 December 2008, 2009 and 2010:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of			
– the acquisition of property, plant and equipment	9,903	2,770	6,517
– the acquisition of land use right	–	–	2,708
	9,903	2,770	9,225

Our capital commitments during the Track Record Period mainly comprised commitments of property, plant and equipment for construction of facilities in our Dalang Factory. In addition, as at 31 December 2010, about RMB2.3 million (equivalent to about HK\$2.7 million) commitments in relations to the acquisition of land use right in Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC for the Huzhen Factory which forms part of the consideration for the acquisition of such land use right was also made, details of which are set out in the paragraph headed “Prepayment for acquisition of land use right” above.

Our capital commitment on the acquisition of property, plant and equipment had dropped by about 72.0% during the year 2009 due to the uncertainty in the global market during the financial crisis and the increase in unutilized production capacity as a result thereof. After the financial crisis, the market demand for luxury goods had recovered and the utilization of our production facilities had been on an increasing trend, and hence our capital commitment on property, plant and equipment had recovered. Capital commitment of the Group as at 31 December 2010 was lower than that as at 31 December 2008 since the Group was preparing to expand its operation in 2011 by setting up the Dongfengcun Factory at 31 December 2010. Our capital commitments were funded by cash generated from our operating activities and utilization of banking facilities granted to us by our principal banker.

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As of 31 December 2008, 2009 and 2010, we were committed to make the following future minimum lease payments under non-cancellable operating lease for rented premises used by us as production plants, office spaces and warehouses, which fall due as follows:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Minimum lease payments under non-cancellable lease arrangement			
– within one year	–	402	2,404
– in the second to fifth year, inclusive . .	–	–	5,211
– after five year	–	–	6,393
	–	402	14,008
	–	402	14,008

Leases are negotiated and rentals are fixed originally for lease terms of 1 year to 50 years.

RISK MANAGEMENT

Credit risk

Our Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the combined statements of financial position.

In order to minimize the credit risk, the management of our Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, our Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The credit risk on pledged bank deposits and bank balances is minimal as such amounts are placed in banks with good reputation.

The Directors consider that our Group has no significant concentration of credit risk. Trade receivables of the Group consist of a number of customers which are owners of internationally renowned brands with good repayment history with us.

Currency risk

Certain entities of our Group have foreign currency sales, which expose our Group to foreign currency risk. Some entities of our Group also have foreign currency purchases,

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which also expose our Group to foreign currency risk. Further details of which are set out in the paragraph headed “We are subject to foreign exchange exposure and currency risks” in the section headed “Risk factors”.

In addition, we are mainly exposed to currency of US\$, Swiss Franc (“CHF”) and HK\$, which are arising from the foreign currency denominated monetary assets and liabilities and for our Group’s operating activities in Hong Kong and the PRC of certain entities of our Group. Under the linked exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial. If the functional currency of the relevant entity of our Group strengthen 3% against the relevant foreign currency, the profit after tax of the Group will increase by about HK\$152,000, HK\$139,000 and HK\$1,000 for the three years ended 31 December 2010 respectively if CHF is the foreign currency, and decrease by nil, about HK\$24,000 and HK\$349,000 if HK\$ is the foreign currency. If the functional currency of the relevant entity of our Group weakened 3% against the relevant foreign currency, there would be an equal and opposite impact on the profit after tax of the Group.

Liquidity risk management

Our management have built an appropriate liquidity risk management framework for the management of our Group’s short and medium-term funding and liquidity management requirements. Our Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecasted and actual cash flows and the maturity profiles of its financial liabilities.

Interest rate risk management

Our Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly interest bearing pledged bank deposits, bank balances and bank borrowings at variable interest rates. Our Group currently does not have an interest rate hedging policy. However, our management will consider hedging significant interest rate risk should the need arise.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of our Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of our Group attributable to owners of our Company as if the Share Offer had taken place on 31 December 2010. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may

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not give a true picture of the combined net tangible assets of our Group had the Share Offer been completed as of 31 December 2010 or any future dates.

	Audited combined net tangible assets of the Group attributable to owners of our Company as of 31 December 2010	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of our Company	Unaudited pro forma adjusted net tangible assets per Share
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$ (Note 3)
Based on an Offer Price of HK\$1.87 per Share . . .	135,960	205,690	341,650	0.68
Based on an Offer Price of HK\$2.86 per Share . . .	135,960	325,727	461,687	0.92

Notes:

- (1) The audited combined net tangible assets of our Group attributable to owners of our Company as at 31 December 2010 is extracted from the accountants' report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$1.87 and HK\$2.86 per Share respectively, after deduction of the underwriting fees and other related expenses payable by our Company. No account has been taken of the Share which may be issued upon the exercise of Over-allotment Option or options that may be granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 500,000,000 Shares in issue immediately following the completion of the Share Offer but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to under the section headed "Further information about our Company and its subsidiaries — Written resolutions of the shareholders of our Company" in Appendix VI to this prospectus.
- (4) Our property interests were valued by DTZ Debenham Tie Leung Limited ("DTZ") and the valuation in respect of which was set out in Appendix IV to this prospectus. As set out in the valuation report of DTZ in Appendix IV to this prospectus, DTZ has assigned no commercial value to eight buildings in the Dalang Factory since they have not been issued with Certificate of Real Estate Ownership. As mentioned in the valuation report, on the assumption that the Certificate of Real Estate Ownership will be issued in due course, the market value in existing state of the said eight buildings as at 30 April 2011 would be RMB13,706,000. On the above basis, pursuant to the valuation performed by DTZ, our property interest as at 30 April 2011 (inclusive of the said eight buildings) amounted to about HK\$81,318,000. Comparing the valuation amount as at 30 April 2011 to the unaudited net carrying value of our property interests as at 30 April 2011 of HK\$54,752,000, there was a surplus of about HK\$26,566,000. If such revaluation surplus was incorporated in our Group's financial statements for the year ending 31 December 2011, additional annual amortisation and depreciation of HK\$762,000 would be charged. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending 31 December 2011.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered subsequent to 31 December 2010.

FINANCIAL INFORMATION

SIGNIFICANT EVENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

The following events took place subsequent to 31 December 2010:

- (i) In January 2011, Glorify Land declared and paid an interim dividend of HK\$8,800,000 to its then shareholders.
- (ii) In March 2011, due to the change in business intention, our Group entered into an equity interest transfer agreement to dispose of Yingxinfeng WFOE, which was established in PRC on 9 December 2010 for a total consideration of HK\$10 to a company controlled by Mr. Yiu, a Director of the Company. As at 31 December 2010 and the date of disposal, Yingxinfeng WFOE had not commenced business and no capital fund was injected by our Group.
- (iii) In preparing for the Listing, the companies now comprising our Group underwent the Reorganisation to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of our Group on 11 March 2011.
- (iv) The terms of certain bank borrowings of our Group which contain a repayment on demand clause of HK\$43,793,000 included under current liabilities as at 31 December 2010 are revised and amended to repayment on demand at any time after 31 March 2013 at discretion of the bank with effect from May 2011.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in their financial or trading position or prospects since 31 December 2010, being the date to which our latest audited combined financial statements were made up.

PROFIT FORECAST

Barring unforeseen circumstance, and based on the basis and assumptions set out in Appendix III to this prospectus, our Directors forecast that the consolidated profit attributable to owners of our Company for the year ending 31 December 2011 will be not less than HK\$110 million.

On a pro forma basis, and on the assumption that the Share Offer had been completed as of 1 January 2011, and a total of 500,000,000 Shares were issued and outstanding (without taking into account any Shares that may be issued upon the exercise of the Over-Allotment Option and any option to be granted under the Share Option Scheme) during the entire year ending 31 December 2011, the unaudited forecast basic earnings per Share on a pro forma basis will be not less than HK\$0.22.

FUTURE PLANS AND USE OF PROCEEDS FROM THE SHARE OFFER

FUTURE PLANS AND PROSPECTS

Please refer to the section headed “Business – Business strategies” in this prospectus for a detailed description of our Group’s future plans.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised and an Offer Price of HK\$2.37 per Share (being the mid-point of the estimated offer price range), the Directors estimate that the net proceeds to us from the Share Offer will be about HK\$261.1 million, after deducting the underwriting commissions and other estimated expenses in relation to the Share Offer. The Directors presently intend to use the net proceeds from the Share Offer as follows:

- as to 25% of the net proceeds from the Share Offer, or about HK\$65.3 million, to finance the development of the Huzhen Factory (such as defraying the related construction and land costs), further details of which are set out in the sections headed “Business – Business strategies – Expansion of production capacity” and “Business – Properties – Leased properties and the operating rights of land” in this prospectus;
- as to 65% of the net proceeds from the Share Offer, or about HK\$169.7 million, to acquire equipment and machinery for the Dongfengcun Factory and Huzhen Factory and for the expansion of the production capacity of our existing facilities, further details of which are set out in the section headed “Business – Business strategies – Expansion of production capacity” in this prospectus;
- the remaining net proceeds from the Share Offer, or about HK\$26.1 million, to be applied as general working capital and other general corporate purposes of our Group.

In the event that the Over-allotment Option is exercised, the additional net proceeds of the Share Offer of about HK\$43.1 million (assuming that the Offer Price is determined at the mid-point of the stated Offer Price range) will be applied by us to the above purposes in the same proportions as set out above.

If the Offer Price is fixed above or below HK\$2.37 per Share (being the mid-point of the estimated price range), the Directors presently intend to adjust the allocation of the net proceeds to the above purposes in the same proportions as set out above.

To the extent that the net proceeds of the Share Offer are not immediately required for the above purposes, the Directors presently intend that such proceeds will be placed on short-term deposits with licensed banks and/or financial institutions in Hong Kong.

UNDERWRITING

UNDERWRITERS

Public Offer Underwriters

Sole Bookrunner and Sole Lead Manager

Haitong International Securities Company Limited

Co-lead Managers

Oriental Patron Securities Limited

Cinda International Securities Limited

Co-Managers

First Shanghai Securities Limited

Investec Capital Asia Limited

Piper Jaffray Asia Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Under the Public Offer Underwriting Agreement, we have agreed to offer the Public Offer Shares to the public in Hong Kong for subscription on and subject to the terms and conditions of this prospectus and the Application Forms.

Pursuant to the Public Offer Underwriting Agreement, and conditional upon, *inter alia*, the Listing Committee granting listing of, and permission to deal in, the Shares, in issue and to be issued as mentioned in this prospectus (subject only to allotment and/or despatch of share certificates for the Offer Shares and such other usual conditions for transaction of this nature) and certain other conditions including the Offer Price being determined by the Company and the Sole Bookrunner (on behalf of the Underwriters), the entering into of the Placing Underwriting Agreement and the Price Determination Agreement on or before the Price Determination Date, the Public Offer Underwriters have severally agreed to subscribe for, or procure subscribers to subscribe for, the Public Offer Shares which are not taken up under the Public Offer on the terms and conditions of the Public Offer Underwriting Agreement, this prospectus and the Application Forms.

Grounds for termination

The Sole Bookrunner (on behalf of the Public Offer Underwriters) is entitled to terminate the Public Offer Underwriting Agreement by giving written notice before 8:00 a.m. (Hong Kong time) on the Listing Date (“Termination Time”) to our Company if any of the following events shall occur prior to the Termination Time:

- (a) there comes to the notice of any of the Sole Sponsor, the Sole Bookrunner or any of the Public Offer Underwriters of any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement given by the Company and any of the covenantors named therein (namely, Mr. Yiu, Ms. Law Wai Ping, Ming Fung Investment

UNDERWRITING

and Winholme Holdings) (collectively, the “Covenantors”) to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the warranties or any other obligations imposed on any party to the Public Offer Underwriting Agreement (other than those undertaken by the Public Offer Underwriters, the Sole Sponsor and/or the Sole Bookrunner) which, in any such cases, is considered, in the sole opinion of the Sole Bookrunner (on behalf of the Public Offer Underwriters), to be material in the context of the Share Offer; or

- (b) any statement contained in this prospectus or the Application Forms has become or been discovered to be untrue, incorrect or misleading in any material respect; or
- (c) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Sole Sponsor and the Public Offer Underwriters), an omission in the context of the Share Offer; or
- (d) any event, act or omission which gives or is likely to give rise to any material liability of our Company or any of the Covenantors arising out of or in connection with any representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
- (e) the Placing Underwriting Agreement is terminated pursuant to its terms;
- (f) there shall have developed, occurred, existed or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, any of the jurisdictions in which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group; or
 - (ii) any change in, or any event or series of events or development resulting or likely to result in any change in the local, national, regional or international financial, currency or stock market conditions or prospects, or political, military, industrial or economic conditions or prospects; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or

UNDERWRITING

- (iv) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to the Group; or
- (v) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
- (vi) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the US, the European Union (or any member thereof) or Switzerland on Hong Kong or the PRC; or
- (vii) a general moratorium on commercial banking activities in the PRC or Hong Kong declared by the relevant authorities; or
- (viii) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, terrorism, strike or lock-out (whether or not covered by insurance),

which (with respect to any of paragraphs (a) to (f) above) in the sole opinion of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters):

- (aa) is or will be adverse, in any material respect, to the business, financial or trading condition or prospects of our Group taken as a whole or, in the case of sub-paragraph (f) (iv) above, on any present or prospective shareholder in his/its capacity as such shareholder of our Company; or
- (bb) has or will have a material adverse effect on the success of the Share Offer as a whole or the level of the Offer Shares being demanded, applied for or accepted, the distribution of the Offer Shares; or
- (cc) for any reason makes it impracticable or inadvisable to proceed with the Share Offer as a whole.

For the above purpose, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the US or any change of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions.

UNDERWRITING

Undertakings

Under Rule 10.08 of the Listing Rules, no further Shares or securities convertible into our equity securities (whether or not a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such an issue of Shares or our securities will be completed within six months from the Listing Date), except in certain circumstances as prescribed by Rule 10.08 of the Listing Rules.

Under the Public Offer Underwriting Agreement, our Company has undertaken to and covenanted with the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriters that, and each of the Covenantors has severally undertaken to the Sole Sponsor, the Sole Bookrunner and the Public Offer Underwriters to procure (so far as he/she/it is able to do so) that:

- (a) without the prior written consent of the Sole Sponsor and the Sole Bookrunner (on behalf of the Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) and subject always to the requirements of the Stock Exchange, save for the Offer Shares, the grant of the Over-allotment Option and any options under the Share Option Scheme, and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme or otherwise than by way of scrip dividend schemes or similar arrangements in accordance with the memorandum of association and the Articles or any consolidation, sub-division or capital reduction of the Shares, our Company shall not allot or issue, accept subscriptions for, offer, sell or contract to sell, grant or agree to grant any option or other right in, directly or indirectly, conditionally or unconditionally, any shares, warrants or other convertible or exchangeable securities carrying the right to subscribe for or exchangeable into shares or other securities of our Company, or offer or agree to do any of the foregoing or announce any intention to do so:
 - (i) at any time during the period commencing on the date by reference to which disclosure of the shareholding of the Covenantors is made in this prospectus and ending on the date which is six months from the Listing Date ("**First Lock-up Period**"); or
 - (ii) at any time during the six months commencing on the date on which the First Lock-up Period expires (the "**Second Lock-up Period**") so as to result in the Covenantors (other than Winholme Holdings), taken together with the other of them, ceasing to be a group of controlling shareholders (as defined in the Listing Rules) of our Company; or
- (b) at any time during the First Lock-up Period, subject to the Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases, our Company shall not make or agree to make any repurchase of Shares or other securities of our Company.

UNDERWRITING

Under Rule 10.07(1) of the Listing Rules, the Controlling Shareholders shall not, and procure that the relevant registered holder(s) shall not:

- (a) during the First Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or our securities in respect of which they are shown by this prospectus to be the beneficial owners; or
- (b) at any time during the Second Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Controlling Shareholders would cease to be our controlling shareholder (as defined in the Listing Rules).

In accordance with Note (3) of Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has also undertaken to us and the Stock Exchange that, during the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is the 12 months from the Listing Date, he/she/it will:

- (1) when he/she/it pledges or charges any securities of our Company beneficially owned by him/her/it in favour of an authorized institution pursuant to Note (2) to Rule 10.07 (2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and
- (2) when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities of our Company will be disposed of, immediately inform us of such indications.

Under Note (3) to Rule 10.07 (2) of the Listing Rules, we are required to inform the Stock Exchange as soon as practicable after we have been informed of the matters referred to in (1) or (2) above by any of the Controlling Shareholders and disclose such matters by way of an announcement in compliance with the Listing Rules.

Under the Public Offer Underwriting Agreement, each of the Covenantors (other than Winholme Holdings) has severally undertaken, and Winholme Holdings has undertaken (with respect to sub-paragraph(a) below only) to us, the Sponsor, the Sole Bookrunner and the Public Offer Underwriters that, save as (i) pursuant to the Share Offer or the Stock Borrowing Agreement; or (ii) permitted under the Listing Rules and with the prior written consent of the Sponsor and the Sole Bookrunner (on behalf of the Public Offer Underwriters):

- (a) he/she/it shall not, and shall procure that none of his/her/its associates or any company controlled by him/her/it or any of his/her/its associates, nominees or trustees holding in trust for him/her/it will, at any time during

UNDERWRITING

the First Lock-up Period, sell, transfer or otherwise dispose of (other than by way of a security for a bona fide commercial loan in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong (the “**Banking Ordinance**”)), or enter into any agreement (other than by way of a security for a bona fide commercial loan in favour of an authorised institution (as defined in the Banking Ordinance)) to sell, transfer or dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares (or any interest therein) directly or indirectly owned by him/her/it or in which he/she/it is, directly or indirectly, interested immediately after completion of the Share Offer or any interest in any shares in any company controlled by him/her/it which is the beneficial owner of any of these Shares, or enter into any swap or other arrangements that transfer the economic consequences of ownership of such Shares or interest, whether any of the foregoing transactions or arrangement is to be settled by delivery of such Shares or other securities, in cash or otherwise, or offer or agree to do any of the foregoing or announce any intention to do so, provided that the foregoing restriction shall not apply to any Shares which any of them may acquire or become interested in following the Listing Date (save any Shares returned under the Stock Borrowing Agreement) provided further that any such acquisition would not result in any breach of Rule 8.08 of the Listing Rules;

- (b) he/she/it shall not, and shall procure that none of his/her/its associates or any company controlled by him/her/it or any of his/her/its associates, nominees or trustees holding in trust for him/her/it will, at any time during the Second Lock-up Period, sell, transfer or otherwise dispose of (other than by way of a security for a bona fide commercial loan in favour of an authorised institution (as defined in the Banking Ordinance), or enter into any agreement (other than by way of a security for a bona fide commercial loan in favour of an authorised institution (as defined in the Banking Ordinance)) to sell, transfer or dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares (or any interest therein) directly or indirectly owned by him/her/it or in which he/she/it is, directly or indirectly, interested immediately after completion of the Share Offer or any interest in any shares in any company controlled by him/her/it which is the beneficial owner of any of these Shares, or announce any intention to do so, if, immediately following such action, the Covenantors (other than Winholme Holdings), when taken together, would cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company; and

UNDERWRITING

- (c) without prejudice to the undertakings as referred to in paragraphs (a) and (b) above, during the period commencing on the date by reference to which disclosure of his/her/its direct or indirect shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it shall:
 - (i) when he/she/it pledges or charges or otherwise create any rights of encumbrances over any Shares or other securities of our Company or those of Ming Fung BVI and/or Ming Fung Investment beneficially owned by him/her/it in favour of an authorised institution (as defined in the Banking Ordinance) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us, the Sponsor and the Sole Bookrunner (on behalf of the Public Offer Underwriters) of such pledge or charge or creation of the rights of encumbrances together with the number of the securities so pledged or charged and all other information as requested by us, the Sponsor and/or the Sole Bookrunner (on behalf of the Public Offer Underwriters); and
 - (ii) subsequent to the pledge or charge or creation of rights or encumbrances over the Shares (or interest therein) or other shares or interests as mentioned in sub-paragraph (i) above, when he/she/it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged or encumbered securities as referred to in sub-paragraph (i) above will be disposed of, immediately inform us of such indication, and inform the Sole Sponsor and the Sole Bookrunner (on behalf of the Public Offer Underwriters) as soon as practicable thereafter (taking into account the requirements of applicable laws, rules and regulations) of such indications.

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company and the Covenantors will enter into the Placing Underwriting Agreement with the Sole Sponsor, the Sole Bookrunner and the Placing Underwriters on or before the Price Determination Date. It is expected that under the Placing Underwriting Agreement, the Placing Underwriters will, subject to certain conditions set out therein, severally agree to subscribe or procure subscribers to subscribe for the Placing Shares to be initially being offered under the Placing (subject to reallocation) on and subject to the terms of the Placing Underwriting Agreement. The Placing Underwriting Agreement is expected to contain force majeure provisions as that contained in the Public Offer Underwriting Agreement as mentioned above. In the event that the Placing Underwriting Agreement is not entered into on or before the Price Determination Date, or does not become unconditional or is terminated in accordance with its terms, the Share Offer will not proceed and will lapse.

UNDERWRITING

It is expected that under the Placing Underwriting Agreement, our Company will grant the Over-allotment Option to the Sole Bookrunner (in its sole discretion) to require our Company at any time within a period commencing from the Listing Date and ending on the 30th day after the last date for lodging of applications under the Public Offer, to allot and issue up to an aggregate of 18,750,000 additional new Shares, representing 15% of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer, to cover over-allocations in the Placing.

Commission and expenses

The Underwriters will receive an underwriting commission of 3% of the aggregate Offer Price payable for the Offer Shares (including the Over-allotment Shares), out of which they will pay any sub-underwriting commissions. In addition, the Sole Sponsor will receive a documentation and financial advisory fee for acting as the sponsor to the Share Offer. Assuming the Over-allotment Option is not exercised, based on an Offer Price of HK\$2.37 (being the mid-point of the indicative Offer Price range of HK\$1.87 per Offer Share and HK\$2.86 per Offer Share), such underwriting commission and fees, together with the Stock Exchange listing fee, legal and other professional fees, applicable printing and other expenses relating to the Share Offer are estimated to be about HK\$35 million in total and are payable by the Company.

Underwriters' interests in the Company

Save for their respective obligations and interests under the Underwriting Agreements as disclosed above, none of the Underwriters has any shareholding interest in our Company or any member of our Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Sole Sponsor's independence

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Sole Bookrunner (on behalf of the Underwriters) and our Company on or before the Price Determination Date, which is currently scheduled on Thursday, 14 July 2011, or such later date as the Sole Bookrunner (on behalf of the Underwriters) and our Company may agree but in any event no later than 11:59 p.m. (Hong Kong time) on Thursday, 14 July 2011. **If, for any reason, the Sole Bookrunner (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by 11:59 p.m. (Hong Kong time) on Thursday, 14 July 2011, the Share Offer will not become unconditional and will lapse.**

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$2.86 per Offer Share and is expected to be not less than HK\$1.87 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

The Sole Bookrunner (on behalf of the Underwriters) may, where considered appropriate, based on the level of interests expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published in South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) notice of such a change. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics as currently set out in the section headed "Summary" of this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any notice being published in South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) of a reduction in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon with our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

We expect to announce the final Offer Price, the level of indication of interests under the Placing and the basis of allotment of the Public Offer Shares under the Public Offer on or before Tuesday, 19 July 2011 in South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on our Company's website at www.winox.com and the website of the Stock Exchange at www.hkexnews.hk.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration certificate numbers of successful applicants (where supplied) and the number of Offer Shares successfully applied for under **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS will be made available as described under the paragraph headed “Publication of results” under the section headed “How to apply for the Public Offer Shares” of this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$2.86 per Offer Share and is expected to be not less than HK\$1.87 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum price of HK\$2.86 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy, amounting to a total of HK\$5,777.66 per board lot of 2,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum price of HK\$2.86 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest. Further details are set out in the section headed “How to apply for the Public Offer Shares” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon the satisfaction of all of the following conditions:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer, Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option and any Shares, up to 10% of the issued share capital of the Company as at the Listing Date, which may fall to be issued upon the exercise of any options which may be granted under the Share Option Scheme (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting Agreements

The entering into of the Placing Underwriting Agreement between, among others, our Company and the Placing Underwriters, and the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, among other things, the Offer Price be agreed by no later than the Price Determination Date and the Price Determination Agreement has been duly entered into, and if relevant, as a result of the waiver of any conditions given by the Sole Bookrunner (on behalf of the Sole Sponsor and the Underwriters)), and not being

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

terminated in accordance with its terms or otherwise. Details of the Public Offer Underwriting Agreement and grounds for termination are set out in the section headed “Underwriting” in this prospectus. If for any reason, the Placing Underwriting Agreement and the Price Determination Agreement are not entered into, the Share Offer will not proceed. If these conditions are not fulfilled on or before the time and date specified in the Underwriting Agreements or such later date as the Sole Bookrunner (for itself and on behalf of the Sole Sponsor and the Underwriters) may in its absolute discretion determine, the Share Offer will lapse and your application money will be refunded to you, without interest, and by ordinary post at your own risk. The terms on which your application money will be returned to you are set out under the paragraph headed “Refund of your application money” in the relevant Application Forms.

In the meantime, your application money will be held in one or more separate bank accounts with the receiving banker or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of 125,000,000 Shares will initially be made available under the Share Offer, of which 112,500,000 Shares, representing 90% of the total number of Shares initially being offered under the Share Offer, will initially be offered for subscription under the Placing. The remaining 12,500,000 Shares, representing 10% of the total number of Shares initially being offered under the Share Offer, will initially be offered for subscription under the Public Offer. The number of Shares offered for subscription under the Placing and the Public Offer will be subject to re-allocation on the basis described below and the number of Shares offered for subscription under the Placing will also be subject to the exercise of the Over-allotment Option below. No pre-emption right or right to subscribe for the Offer Shares has been granted.

THE PLACING

Our Company is initially offering, at the Offer Price, 112,500,000 Shares (subject to re-allocation as mentioned in the paragraph headed “Re-allocation of Offer Shares between the Public Offer and the Placing” below), representing 90% of the total number of Shares being initially offered under the Share Offer (before any exercise of the Over-allotment Option), for subscription by way of Placing. The Placing will be managed by the Sole Lead Manager and is expected to be fully underwritten by the Placing Underwriters. Pursuant to the Placing, it is expected that the Placing Underwriters or any selling agents which they nominate will, on behalf of our Company, conditionally place the Placing Shares at the Offer Price plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies and fund managers, whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. It is expected that the Placing Underwriting Agreement will be executed on or around the Price Determination Date.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation of the Placing Shares to professional, institutional and private investors pursuant to the Placing will be based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the investor is likely to purchase further Shares, or hold or sell the Shares placed, after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on the basis which would lead to the establishment of a solid broad shareholder base to the benefit of our Company and its Shareholders taken as a whole. Investors to whom Placing Shares are offered are required to undertake not to apply for the Public Offer Shares under the Public Offer. The level of indication of interest in the Placing is expected to be published in South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) on Tuesday, 19 July 2011. The Placing is subject to the conditions stated in the paragraph headed "Conditions of the Share Offer" above.

OVER-ALLOTMENT OPTION

It is expected that under the Placing Underwriting Agreement, our Company will grant the Over-allotment Option to the Sole Bookrunner (in its sole and absolute discretion) to require our Company at any time within a period commencing from the Listing Date and ending on the 30th day after the last date for lodging of applications under the Public Offer, to allot and issue up to an aggregate of 18,750,000 additional new Shares, representing 15% of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer, to cover over-allocations in the Placing. The additional Shares to be allotted and issued pursuant to the exercise of the Over-allotment Option will be allocated to the Placing and/or to satisfy the Sole Bookrunner's obligation to return Shares borrowed under the Stock Borrowing Agreement. The Sole Bookrunner may also cover any over-allocations under the Placing through the purchase of Shares in the secondary market or otherwise as may be permitted under applicable laws. Any purchases of Shares in the market to cover the over-allocations will be made at prices not exceeding the Offer Price. The number of Shares that may be over-allocated may not be greater than the number of Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option. Assuming the Over-allotment Option is not exercised, the Offer Shares will represent 25% of the Company's enlarged issued share capital immediately after completion of the Share Offer. If the Over-allotment Option is exercised in full, the Offer Shares (including the Shares allotted and issued pursuant to the exercise of the Over-allotment Option) will represent about 27.7% of the enlarged issued share capital of the Company immediately after completion of the Share Offer and the exercise of the Over-allotment Option in full. In the event that the Over-allotment Option is exercised, an announcement will be made in English in South China Morning Post and in Chinese in the Hong Kong Economic Journal.

Based on an Offer Price of HK\$2.37 per Offer Share (being the mid-point of the Offer Price range between HK\$2.86 per Offer Share and HK\$1.87 per Offer Share), the net proceeds of the Share Offer, assuming that the Over-allotment Option is not exercised and after deducting related expenses, are estimated to be about HK\$261.1 million. If the Over-allotment Option is exercised in full, our Company will receive additional net proceeds of about HK\$43.1 million, after deducting expenses attributable to the exercise of the Over-allotment Option.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Public Offer is open to the public as well as to institutional, professional and private investors in Hong Kong. The Placing involves selective marketing of the Placing Shares by the Placing Underwriters to professional, institutional and private investors. Investors may either apply for the Shares under the Public Offer or indicate an interest for the Shares under the Placing, and may only receive an allocation of Shares under the Public Offer or the Placing. The Offer Shares are not available for subscription by existing beneficial owners of the Shares, the Directors, chief executive of our Company or any of its subsidiaries or their respective associates, or any other connected persons (as defined in Chapter 1 of the Listing Rules) of our Company or persons who will become connected persons (as defined in Chapter 1 of the Listing Rules) of our Company immediately upon completion of the Share Offer.

THE PUBLIC OFFER

Our Company is initially offering, at the Offer Price, 12,500,000 Shares (subject to re-allocation as mentioned in the paragraph headed “Re-allocation of Offer Shares between the Public Offer and the Placing” below), representing 10% of the total number of Shares being initially offered under the Share Offer, for subscription under the Public Offer (before any exercise of the Over-allotment Option). The Public Offer is fully underwritten by the Public Offer Underwriters subject to the terms and conditions of the Public Offer Underwriting Agreement. Applicants for the Public Offer Shares are required on application to pay the Offer Price plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee.

The Public Offer is open to all members of the public in Hong Kong. An applicant for Public Offer Shares will be required to give an undertaking and confirmation in the relevant Application Form submitted by him/her that he/she has not applied for nor taken up any Placing Shares nor participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected.

The total number of the Offer Shares available under the Public Offer is to be divided into two pools of 6,250,000 Public Offer Shares for each of pool A and pool B, respectively, for allocation purposes:

- Pool A: The Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the initial value of pool B.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B but not both. Multiple applications or suspected multiple applications within either pool or between pools and any application made for more than 100% of the Public Offer Shares initially available under either pool A or pool B will be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer, both in relation to pool A and pool B, will be based solely on the level of valid applications received under the Public Offer. The basis of allocation in each pool may vary, depending on the number of the Public Offer Shares validly applied for by applicants. When there is over subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares. The results of the Public Offer and basis of allotment of the Public Offer Shares (with successful applicants' identification document numbers, where appropriate) are expected to be published in South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) on Tuesday, 19 July 2011.

Applications under the Public Offer from investors receiving the Placing Shares under the Placing will be identified and rejected and investors receiving the Public Offer Shares under the Public Offer will not be offered the Placing Shares under the Placing. Multiple applications or suspected multiple applications or applications for more than 100% of the Public Offer Shares initially available in either pool A or pool B for subscription under the Public Offer (i.e. to apply for more than 6,250,000 Public Offer Shares) are liable to be rejected.

The Public Offer is subject to the conditions as stated in the paragraph headed "Conditions of the Share Offer" above.

RE-ALLOCATION OF OFFER SHARES BETWEEN THE PUBLIC OFFER AND THE PLACING

The allocation of Offer Shares between the Placing and the Public Offer is subject to re-allocation. If the number of Shares validly applied for in the Public Offer:

- (a) represents 15 times or more but less than 50 times of the number of Shares initially available for subscription under the Public Offer, then 25,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 37,500,000 Shares will be available under the Public Offer, representing 30% of the Offer Shares initially available under the Share Offer;
- (b) represents 50 times or more but less than 100 times of the number of Shares initially available for subscription under the Public Offer, then 37,500,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 50,000,000 Shares will be available under the Public Offer, representing 40% of the Offer Shares initially available under the Share Offer;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (c) represents 100 times or more of the number of Shares initially available for subscription under the Public Offer, then 50,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 62,500,000 Shares will be available under the Public Offer, representing 50% of the Offer Shares initially available under the Share Offer; and
- (d) in each of the above cases, the number of Shares allocated to the Placing will be correspondingly reduced, subject to the exercise of the Over-allotment Option.

In all cases, the additional Shares re-allocated to the Public Offer will be allocated, if applicable, equally between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced.

If the Public Offer is not fully subscribed, the Sole Bookrunner (on behalf of the Underwriters) has the absolute discretion to re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing in such number as it deems appropriate to satisfy the demand under the Placing. If the Placing is not fully subscribed, the Sole Bookrunner has the authority to re-allocate all or any unsubscribed Placing Shares originally included in the Placing to the Public Offer, in such number as it deems appropriate provided that there is sufficient demand under the Public Offer to take up such unsubscribed Placing Shares. Details of any re-allocation of Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement, which is expected to be made on Tuesday, 19 July 2011.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, agree to purchase or actually purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, to prevent a decline in the initial public offer prices of the securities. In Hong Kong, the stabilisation price will not exceed the initial public offer price.

In connection with the Share Offer, the Sole Bookrunner, as stabilising manager, or any person acting for it, (on behalf of the Underwriters and not as agent for our Company) may over-allocate Shares or effect transactions with a view to supporting the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there is no obligation on the Sole Bookrunner to conduct any such stabilisation action which, if commenced, may be discontinued at any time at the absolute discretion of the Sole Bookrunner, its affiliates or any person acting for it, and must be brought to an end after a limited period. The number of Shares that may be over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 18,750,000 Shares, which is 15% of the Shares initially available under the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Stabilisation action cannot be taken to support the price of the Offer Shares for longer than the stabilising period which begins on the Listing Date and ends on the 30th day after the last day for the lodging of applications under the Public Offer (the “**Stabilisation Period**”). The Stabilisation Period is expected to expire on Friday, 12 August 2011 and that after this date, when no further stabilising action may be taken, demand for the Shares, and therefore its price, could fall.

During the Stabilisation Period, the Sole Bookrunner as stabilising manager or any person acting for it, may purchase or agree to purchase, or offer, the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, which will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with any such stabilisation actions as described above, the Sole Bookrunner as stabilising manager, or any person acting for it, may allocate a greater number of Shares than the number that is initially offered, or sell or agree to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares. It may close out any such short position by exercising the Over-allotment Option, as described above. It may also agree to sell or sell any Shares acquired by it in the course of any stabilisation transactions in order to liquidate any position that has been established by such action.

The Sole Bookrunner may, in connection with the stabilising action, maintain a long position in the Shares. The size of the long position, and the time period for which the Sole Bookrunner will maintain such a position during the Stabilisation Period, are at the sole discretion of the Sole Bookrunner and is uncertain. In the event that the Sole Bookrunner liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Investors should be aware that the price of the Shares cannot be assured to stay at or above its Offer Price by the taking of any stabilising action. Stabilisation bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price the investor has paid for the Offer Shares.

In order to facilitate the settlement of over-allocations, the Sole Bookrunner, as the stabilising manager, or its authorised agents may, among other means, purchase Shares in the secondary market, enter into stock borrowing arrangements with holders of Shares, exercise the Over-allotment Option, engage in a combination of these means or otherwise as may be permitted under applicable laws. Any such secondary market purchases will be made in compliance with all applicable laws, rules and regulations.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

In this connection, the Sole Bookrunner will enter into the Stock Borrowing Agreement with Ming Fung Investment whereby the Sole Bookrunner may borrow up to 18,750,000 Shares from Ming Fung Investment, equivalent to the maximum number of additional Shares to be offered upon full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The Stock Borrowing Agreement is not subject to the restrictions of rule 10.07(1) of the Listing Rules which restricts the disposal of Shares by controlling shareholders following a new listing, provided the following requirements under rule 10.07(3) of the Listing Rules are complied with:

- the Stock Borrowing Agreement will only be effected by the Sole Bookrunner for covering any short position arising from over-allocations under the Placing prior to the exercise of the Over-allotment Option;
- the maximum number of Shares to be borrowed from Ming Fung Investment will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to Ming Fung Investment or its nominees on or before the third business day, a day that is not a Saturday, Sunday or public holiday in Hong Kong, following the earlier of (i) the last day on the Over-allotment Option may be exercised, and (ii) the day on which the Over-allotment Option is exercised in full;
- borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and
- no payments will be made to Ming Fung Investment in relation to the Stock Borrowing Agreement.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

METHODS OF APPLYING FOR THE PUBLIC OFFER SHARES

There are three ways to make an application for the Public Offer Shares. You may apply for the Public Offer Shares by (i) using a **WHITE** or **YELLOW** Application Form; (ii) apply online through the designated website of the designated HK eIPO White Form Service Provider, referred to in this section as the “**HK eIPO White Form service**” or; (iii) by giving **electronic application instructions** to HKSCC via CCASS to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, **you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a WHITE or YELLOW Application Form** or applying online through **HK eIPO White Form service** or by giving **electronic application instructions** to HKSCC via CCASS.

WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for Public Offer Shares if you or any person(s) for whose benefit you are applying are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States and will be acquiring the Public Offer Shares in an offshore transaction (as defined in Regulation S); and
- are not a US Person (as defined in Regulation S).

If you wish to apply for Public Offer Shares online through the designated website at www.hkeipo.hk under the **HK eIPO White Form service**, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **HK eIPO White Form service** if you are an individual applicant. Corporations or joint applicants may not apply by means of the **HK eIPO White Form service**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm’s name. If the applicant is a body corporate, the application form must be signed by a duly authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, the Sole Bookrunner (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

The number of joint applicants may not exceed four.

Our Company, the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

The Public Offer Shares are not available to existing beneficial owners of Shares, our Directors, or chief executive officers or their respective associates or any other connected persons (as defined in Chapter I of the Listing Rules) of our Company or persons who will become connected persons (as defined in Chapter I of the Listing Rules) of our Company immediately upon completion of the Share Offer.

You should also note that you may apply for Shares under the Public Offer or indicate an interest for Shares under the Placing, but may not do both.

WHICH APPLICATION METHOD YOU SHOULD USE

Use a **WHITE** Application Form if you want the Public Offer Shares to be issued in your own name.

Use a **YELLOW** Application Form if you want the Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant.

You may apply for Public Offer Shares online through the **HK eIPO White Form** service. In addition to any other requirements, you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **HK eIPO White Form** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **HK eIPO White Form**.

Instead of using a **WHITE** or **YELLOW** Application Form or **HK eIPO White Form** service, you may give **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf via CCASS. Any Public Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Note: Except in the circumstances permitted under the Listing Rules, the Offer Shares are not available for subscription by existing beneficial owners of the Shares, the Directors or chief executive of our Company or any of its subsidiaries or the associates of any of them, or any other connected persons (as defined in Chapter 1 of the Listing Rules) of our Company or persons who will become connected persons (as defined in Chapter 1 of the Listing Rules) of our Company immediately upon completion of the Share Offer.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

WHERE TO COLLECT THE APPLICATION FORMS

Copies of this prospectus, together with the **WHITE** Application Forms, may be obtained during normal business hours from 9:00 a.m. on Thursday, 30 June 2011 until 12:00 noon on Wednesday, 13 July 2011 from:

Haitong International Securities Company Limited

25th Floor, New World Tower
16-18 Queen's Road Central
Hong Kong

Oriental Patron Securities Limited

27th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Cinda International Securities Limited

45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

First Shanghai Securities Limited

19th Floor, Wing On House
71 Des Voeux Road
Central
Hong Kong

Investec Capital Asia Limited

Room 3609, 36th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Piper Jaffray Asia Securities Limited

Suite 1308, 13th Floor
Two Pacific Place
88 Queensway
Admiralty
Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

or any of the following branches of The Hongkong and Shanghai Banking Corporation Limited:

District	Branch Name	Address
Hong Kong Island	Central Branch	Basement, 29 Queen's Road Central, Central, Hong Kong
	Aberdeen Centre Branch	Shop 2, G/F, Site I, Aberdeen Centre, Aberdeen, Hong Kong
	Chai Wan Branch	Shop No. 1-11, Block B, G/F, Walton Estate, Chai Wan, Hong Kong
	Des Voeux Road West Branch	Western Centre, 40-50 Des Voeux Road West, Hong Kong
	Sheung Wan Branch	Shop A, G/F, Guangdong Investment Tower, 293-301 Des Voeux Road Central, Hong Kong
	Hay Wah Building Branch	G/F, Hay Wah Building, 71-85 Hennessy Road, Wan Chai, Hong Kong
Kowloon	Hoi Yuen Road Branch	G/F, Wong Tze Building, 71 Hoi Yuen Road, Kwun Tong, Kowloon
	238 Nathan Road Branch	Shop No. 1, 1/F, 238 Nathan Road, Kowloon
	Hung Hom Branch	G/F, Hung Hom Commercial Centre, 37-39 Ma Tau Wai Road, Hung Hom, Kowloon
New Territories	Kwai Hing Branch	Shop 2, 3/F, Sun Kwai Hing Plaza, 166-174 Hing Fong Road, Kwai Chung, New Territories
	Tai Wai Branch	Shops 42-44, MTR Tai Wai Station, Sha Tin, New Territories
	Yuen Long Branch	G/F, HSBC Building Yuen Long, 150-160 Castle Peak Road, Yuen Long, New Territories

The **YELLOW** Application Forms, together with copies of this prospectus, may be obtained during normal business hours from 9:00 a.m. on Thursday, 30 June 2011 until 12:00 noon on Wednesday, 13 July 2011 at the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong. Your stockbroker may also have the **YELLOW** Application Forms and this prospectus available.

HOW TO COMPLETE THE APPLICATION FORMS

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated in the Application Form.

If your application is made through a duly authorised attorney, our Company, the Sole Sponsor, the Sole Bookrunner and/or their respective agents or nominees may accept it at their respective discretion, and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

You should note that by completing and submitting an Application Form, among other things:

- (a) you confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;
- (b) you agree that none of our Company, the Sole Bookrunner, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Share Offer is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto) and the Application Forms;
- (c) you undertake and confirm that you (if the application is made for your benefit) or the person(s) or whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for, take up, or indicate an interest for, any Placing Shares nor otherwise participated in the Placing; and
- (d) you agree to disclose to our Company, and/or the share registrars, receiving bankers, the Sole Bookrunner, the Underwriters and their respective advisers and agents any personal data and any information which they require about you and the person(s) for whose benefit you have made the application.

In order for the **YELLOW** Application Form to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the Application Form. Only written signature will be accepted.

- (a) **if the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**
 - the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its CCASS Participant ID in the appropriate box in the Application Form.
- (b) **if the application is made by an individual CCASS Investor Participant:**
 - (i) the Application Form must contain the CCASS Investor Participant's full name and Hong Kong identity card number; and
 - (ii) the individual CCASS Investor Participant must insert its CCASS Participant ID in the appropriate box in the Application Form.
- (c) **if the application is made by joint individual CCASS Investor Participants:**
 - (i) the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong identity card numbers of all of the joint CCASS Investor Participants; and
 - (ii) the CCASS Participant ID must be inserted in the appropriate box in the Application Form.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(d) **if the application is made by a corporate CCASS Investor Participant:**

- (i) the Application Form must contain the CCASS Investor Participant's company name and the Hong Kong business registration certificate number; and
- (ii) the CCASS Participant ID must be inserted and the company chop (bearing the CCASS Investor Participant's company name) chopped in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant (include participant ID and/or company chop bearing its company name) or other similar matters may render your application invalid.

If your application is made through a duly authorised attorney, our Company, the Sole Sponsor, the Sole Bookrunner and/or their respective agents or nominees may accept the application at their discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney. Our Company, the Sole Sponsor, the Sole Bookrunner and/or their respect agents or nominees will have full discretion to reject or accept any application, in full or in part, without assigning any reasons.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominee(s)" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

HOW TO APPLY THROUGH THE HK eIPO WHITE FORM SERVICE

General

- (a) If you are an individual and meet the criteria set out in the paragraph headed "Who can apply for the Public Offer Shares" of this section, you may apply through the **HK eIPO White Form** service by submitting an application online through the designated website at www.hkeipo.hk. If you apply through the **HK eIPO White Form** service, our Shares will be issued in your own name. You may only apply by means of the **HK eIPO White Form** service if you are an individual applicant. Corporations or joint applicants may not apply by means of the **HK eIPO White Form** service.
- (b) Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website at www.hkeipo.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated HK eIPO White Form Service Provider and may not be submitted to our Company.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (c) By submitting an application online to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service, you are deemed to have authorised the designated HK eIPO White Form Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **HK eIPO White Form** service.
- (d) In addition to the terms and conditions set out in this prospectus, the designated HK eIPO White Form Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at **www.hkeipo.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.
- (e) By submitting an application to the designated HK eIPO White Form Service Provider through the **HK eIPO White Form** service, you are deemed to have authorised the designated HK eIPO White Form Service Provider to transfer the details of your application to our Company and our Hong Kong Branch Share Registrar.
- (f) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each application in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.hkeipo.hk**.
- (g) You should submit an application online through the **HK eIPO White Form** service at the times set out in paragraph headed “Time for applying for the Public Offer Shares – HK eIPO White Form” below.
- (h) You should make payment for your application made through the **HK eIPO White Form** service in accordance with the methods and instructions set out on the designated website at **www.hkeipo.hk**. If you do not make complete payment of the application monies (including any related fees) at or before 12:00 noon on Wednesday, 13 July 2011, or such later time as described in the paragraph headed “Effect of bad weather on the opening of the application lists” of this section, the designated HK eIPO White Form Service Provider will reject your application and your application monies will be returned to you in the manner described on the designated website at **www.hkeipo.hk**.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (i) **Warning: The application for Public Offer Shares through the HK eIPO White Form service is only a facility provided by the designated HK eIPO White Form Service Provider to public investors. Our Company, our Directors, the Sole Bookrunner, the Sole Sponsor, the Underwriters and the designated HK eIPO White Form Service Provider take no responsibility for any such applications and provide no assurance that applications through the HK eIPO White Form service will be submitted to our Company or that you will be allotted any Public Offer Shares.**

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **HK eIPO White Form** service, you are advised not to wait until the last minute for submitting applications in the Public Offer to submit your applications online. In the event that you have problems connecting to the designated website at **www.hkeipo.hk** for the **HK eIPO White Form** service, you should submit a **WHITE** Application Form. However, once you have submitted applications online and completed payment in full using the application reference number provided to you on the designated website at **www.hkeipo.hk**, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. Please refer to the paragraph headed “How many applications you may make for the Public Offer Shares” below.

Additional information

For the purposes of allocating Public Offer Shares, each applicant submitting applications online through the **HK eIPO White Form** service to the designated HK eIPO White Form Service Provider through the designated website at **www.hkeipo.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Public Offer Shares for which you have applied, or if your application is otherwise rejected by the designated HK eIPO White Form Service Provider, the designated HK eIPO White Form Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated HK eIPO White Form Service Provider on the designated website at **www.hkeipo.hk**.

Otherwise, any monies payable to you due to a refund shall be made pursuant to the arrangements described in the paragraph headed “Despatch/Collection of Share certificates and refund of application money” below.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or CCASS Internet System at <https://ip.ccass.com> (according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre
2nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Copies of this prospectus are available for collection from the above address. If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for Public Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application whether submitted by you or through your broker or custodian to our Company and our Company's Hong Kong branch share registrar and transfer office.

Application for the Public Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Public Offer Shares:

- (i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (ii) HKSCC Nominees does the following things on behalf of each such person:
- **agrees** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has input **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
 - **undertakes** and **agrees** to accept the Public Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
 - **undertakes** and **confirms** that that person has not applied for or taken up any Offer Shares under the Placing nor otherwise participated in the Placing;
 - (if the **electronic application instructions** are given for that person's own benefit) **declares** that only one set of **electronic application instructions** has been given for that person's benefit;
 - (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
 - **understands** that the above declaration will be relied upon by our Company, the Directors, the Sole Sponsor and the Sole Bookrunner in deciding whether or not to make any allotment of the Public Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;
 - **authorises** our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Public Offer Shares allotted in respect of that person's **electronic application instructions** and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
 - **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **confirms** that that person has only relied on the information and representations in this prospectus (and any supplement thereto) in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf;
- **agrees** that our Company, the Sole Sponsor, the Sole Bookrunner, the Underwriters, their respective directors, officers, employees, advisers and any other parties involved in the Share Offer are not liable for the information and representations not so contained in this prospectus and any supplement thereto;
- **agrees** to disclose that person's personal data to our Company, its registrars, receiving banker, advisor and agents, and any information which they may require about that person;
- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;
- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before Friday, 29 July 2011, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before Friday, 29 July 2011 except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may only revoke the application on or before the end of the fifth Business Day after the time of the opening of the application lists if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instruction** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by our Company;
- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to the Public Offer Shares;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- **agrees** with our Company (for itself and for the benefit of each of the Shareholders) that the Shares are freely transferable by the holders thereof; and
- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and constructed in accordance with the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, you each jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to our Company or any other person in respect of the things mentioned below:

- **instructed and authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the CCASS Participants) to apply for Public Offer Shares on your behalf;
- **instructed and authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications and/or if the Offer Price is less than the maximum offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account;
- **instructed and authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum subscription amount and permitted multiples

You may give or cause your broker or a custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 2,000 Public Offer Shares. Such instructions in respect of more than 2,000 Public Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms. No application for any other number of the Public Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. Further information in this regard is set forth under “How many applications you may make for the Public Offer Shares” below.

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instruction is given will be treated as an applicant.

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by us and the registrars about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Warning

The subscription of Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, the Directors, the Sole Sponsor, the Sole Bookrunner and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participants will be allotted any Public Offer Shares. To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit the **WHITE** or **YELLOW** Application Form (as appropriate), or (ii) go to HKSCC’s Customer Service Centre to complete an application instruction input request form before 12:00 noon on Wednesday, 13 July 2011 or such later time as described under the sub-paragraph headed “Effect of bad weather on the opening of the application lists” below.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

HOW MANY APPLICATIONS YOU MAY MAKE FOR THE PUBLIC OFFER SHARES

There is only one situation where you may make more than one application for the Public Offer Shares. You may make more than one application for the Public Offer Shares if you are a nominee, in which case you may make an application by using a **WHITE** or **YELLOW** Application Form or by way of giving **electronic application instructions** to HKSCC via CCASS, and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the relevant Application Form marked “For nominee(s)” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being for your own benefit. **Otherwise, multiple applications are not allowed.**

It will be a term and condition of all applications that by completing and delivering an Application Form or by giving **electronic application instructions** to HKSCC via CCASS, you:

- if the application is made for your own benefit, warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by means of the **HK eIPO White Form** service or through giving **electronic application instructions** to HKSCC via CCASS;
- if you are an agent for another person, warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by means of the **HK eIPO White Form** service or through giving **electronic application instructions** to HKSCC via CCASS, and that you are duly authorised to sign the relevant Application Form or apply by means of the **HK eIPO White Form** service or give **electronic application instructions** as that other person’s agent.

Multiple applications or suspected multiple applications are liable to be rejected. All of your applications are liable to be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form or by means of the **HK eIPO White Form** service or by way of giving **electronic application instructions** to HKSCC via CCASS;
- apply (whether individually or jointly with others) on one **WHITE** Application Form and one **YELLOW** Application Form or one **WHITE** or **YELLOW** Application Form and by means of the **HK eIPO White Form** service or by way of giving **electronic application instructions** to HKSCC via CCASS;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form or by means of the **HK eIPO White Form** service or by way of giving **electronic application instructions** to HKSCC via CCASS for more than 100% of the Public Offer Shares initially available in either pool A or pool B for subscription under the Public Offer; or
- have applied for or taken up, or indicated an interest in or received or been placed or allocated (including, conditionally and/or provisionally) and will not apply for or take up or indicate an interest in or receive or be placed or allocated Placing Shares under the Placing or otherwise participated in the Placing and make application on **WHITE** or **YELLOW** Application Form or by means of the **HK eIPO White Form** service or by way of giving **electronic application instructions** to HKSCC via CCASS.

All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**) or you have applied for or taken up or otherwise indicated an interest for Offer Shares under the Placing. If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise “statutory control” over that company,

then the application will be treated as being for your benefit.

An unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of that company; and/or
- control more than half the voting power of that company; and/or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK\$2.86 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for every board lot of 2,000 Public Offer Shares, you will pay HK\$5,777.66. Each Application Form has a table showing the exact amount payable for certain multiples of the Public Offer Shares. You must pay the maximum Offer Price, the brokerage, the Stock Exchange trading fee and the SFC transaction levy in full when you apply for the Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Your payment must be made by one cheque or one banker's cashier order and must comply with the terms of the related Application Forms (if you apply by an Application Form). Your cheque or banker's cashier order will not be presented for payment before 12:00 noon on 13 July 2011. If your application is successful, the brokerage is paid to participants of the Stock Exchange, the transaction levy is paid to the Stock Exchange collecting on behalf of the SFC, and the trading fee is paid to the Stock Exchange. If the Offer Price as finally determined is less than HK\$2.86 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the surplus application monies) will be made to applicants, without interests. Details of the procedures for refund are contained below in the section headed "Despatch/collection of Share certificates and refund of application money".

Our Company will not issue temporary documents of title, evidence of title or receipt for payment.

TIME FOR APPLYING FOR THE PUBLIC OFFER SHARES

WHITE and YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon on Wednesday, 13 July 2011, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists".

Your completed Application Form, with payment in Hong Kong dollars for the full amount payable on application attached, should be deposited in the special collection boxes provided at any one of the branches of The Hongkong and Shanghai Banking Corporation Limited listed under the paragraph headed "Where to collect the Application Forms" above at the following times:

Thursday, 30 June 2011	—	9:00 a.m. to 4:30 p.m.
Saturday, 2 July 2011	—	9:00 a.m. to 1:00 p.m.
Monday, 4 July 2011	—	9:00 a.m. to 4:30 p.m.
Tuesday, 5 July 2011	—	9:00 a.m. to 4:30 p.m.
Wednesday, 6 July 2011	—	9:00 a.m. to 4:30 p.m.
Thursday, 7 July 2011	—	9:00 a.m. to 4:30 p.m.
Friday, 8 July 2011	—	9:00 a.m. to 4:30 p.m.
Saturday, 9 July 2011	—	9:00 a.m. to 1:00 p.m.
Monday, 11 July 2011	—	9:00 a.m. to 4:30 p.m.
Tuesday, 12 July 2011	—	9:00 a.m. to 4:30 p.m.
Wednesday, 13 July 2011	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 13 July 2011.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

HK eIPO White Form

You may submit your application to the designated HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk from 9:00 a.m. on Thursday, 30 June 2011, until 11:30 a.m. on Wednesday, 13 July 2011, or such later time as described in the paragraph headed “Effect of bad weather on the opening of the application lists” of this section (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 13 July 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed “Effect of bad weather on the opening of the application lists” of this section.

You will not be permitted to submit your application to the designated HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

Electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 30 June 2011	—	9:00 a.m. to 8:30 p.m. ⁽¹⁾
Saturday, 2 July 2011	—	8:00 a.m. to 1:00 p.m. ⁽¹⁾
Monday, 4 July 2011	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Tuesday, 5 July 2011	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Wednesday, 6 July 2011	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Thursday, 7 July 2011	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Friday, 8 July 2011	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Saturday, 9 July 2011	—	8:00 a.m. to 1:00 p.m. ⁽¹⁾
Monday, 11 July 2011	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Tuesday, 12 July 2011	—	8:00 a.m. to 8:30 p.m. ⁽¹⁾
Wednesday, 13 July 2011	—	8:00 a.m. ⁽¹⁾ to 12:00 noon

Note (1): These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 30 June 2011 until 12:00 noon on Wednesday, 13 July 2011 (24 hours daily, except the last application date).

The latest time for inputting your **electronic application instructions** (if you are a CCASS Participant) is 12:00 noon on Wednesday, 13 July 2011 or, if the application lists are not open on that day, by the time and date stated under “Effects of bad weather on the opening of the application lists” below.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Application lists

Subject to the events as described in the paragraph headed “Effect of bad weather on the opening of the application lists” below, the application lists will open at 11:45 a.m. and close at 12:00 noon on Wednesday, 13 July 2011.

No proceedings will be taken on application for the Shares and no allotment of any such Shares will be made until the closing of the application lists.

EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 13 July 2011.

Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allocated the Public Offer Shares are set out in the notes attached to the related Application Forms, and you should read them carefully. You should note, in particular, the following situations in which the Public Offer Shares will not be allocated to you:

If your application is revoked

By depositing the **WHITE** or **YELLOW** Application Form or by applying online through **HK eIPO White Form** service or submitting **electronic application instructions** to HKSCC via CCASS, you agree that your application or the application made by HKSCC Nominees cannot be revoked on your behalf on or before Friday, 29 July 2011.

This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or apply online through **HK eIPO White Form** service or submit your **electronic application instructions** to HKSCC via CCASS and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before Friday, 29 July 2011 except by means of one of the procedures referred to in this prospectus.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth Business Day after the time of the opening of the application lists, if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicants have not been so notified, or if applicants have been so notified but have not withdrawn their applications in accordance with the procedure(s) to be notified, all applications that have been submitted will remain valid and may be accepted. Subject to the above, an application once made, is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. Acceptance of application which are not rejected will be constituted by notification in the announcement of the results of allocation and, where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to satisfaction of such conditions or the results of such ballot, respectively.

Full discretion of our Company or our agents to reject or accept your application

Our Company and our agents have full discretion to reject or accept any application, or to accept only part of an application, and do not have to give any reason for any rejection or acceptance.

If your application is rejected

Your application will be rejected if:

- it is a multiple application or a suspected multiple application; or
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) the Placing Shares. Reasonable steps will be taken to identify and reject applications in the Public Offer from investors who have received the Placing Shares; and to identify and reject indications of interest in the Placing from investors who have received Public Offer Shares in the Public Offer; or
- your Application Form is not completed correctly in accordance with the instructions printed thereon (if you apply by an Application Form); or
- your payment is not made correctly; or
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation; or

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- you or the person for whose benefit you are applying have applied for or taken up or indicated an interest for or have received or have been or will be placed or allocated (including conditionally and/or provisionally) the Placing Shares; or
- our Company or any of our agents believes that by accepting your application, our Company would violate the applicable laws, rules or regulations of the jurisdiction in which your application is, or is suspected to have been, completed and/or signed or of any other jurisdiction, or would result in our Company not being able to satisfy the public float requirements under the Listing Rules applicable to the Company; or
- your application is for more than 100% of the Public Offer Shares initially available in pool A or pool B for public subscription under the Public Offer.

If your application is not accepted

Your application (including the part of an application made by HKSCC Nominees acting upon **electronic application instructions**) will not be accepted if either:

- the Public Offer Underwriting Agreement does not become unconditional; or
- the Public Offer Underwriting Agreement is terminated in accordance with its terms and conditions; or
- no agreement has been reached on the Offer Price on or before the Price Determination Date.

If the allotment of Public Offer Shares is void

Any allotment of the Public Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee does not grant the approval of the listing of, and permission to deal in, the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest under the Placing, level of applications in the Public Offer, and the basis of allotment of the Public Offer Shares under the Public Offer on or before Tuesday, 19 July 2011 in South China Morning Post (in English) and the Hong Kong Economic Journal (in

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Chinese) and on our Company's website at www.winox.com and the website of the Stock Exchange at www.hkexnews.hk.

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration certificate numbers of successful applicants (where supplied) and the number of Offer Shares successfully applied for under **WHITE** or **YELLOW** Application Forms or by applying online through the **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC via CCASS will be made available at the times and dates and in the manner specified below:

- on the website of Tricor Investor Services Limited at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Tuesday, 19 July 2011 to 12:00 midnight on Monday, 25 July 2011. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration certificate number provided in his/her/its Application Form to search for his/her/its own allocation result;
- on our Company's website at www.winox.com and the website of the Stock Exchange at www.hkexnews.hk on Tuesday, 19 July 2011 onwards;
- from our Company's Public Offer allocation results telephone enquiry hotline. Applicants may find out whether or not their applications have been successful and the number of Offer Shares allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 19 July 2011 to Friday, 22 July 2011 (excluding Saturday, Sunday and public holidays); and
- special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches of the receiving bank from Tuesday, 19 July 2011 to Thursday, 21 July 2011 at the addresses set out in the paragraph headed "Where to collect the Application Forms".

DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONEY

No temporary documents of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Wednesday, 13 July 2011. Our Company will keep any interest accrued on your application monies (up till, in the case of monies to be refunded, the date of despatch of refund cheque).

Any certificate relating to the Offer Shares issued by our Company or deposited into CCASS prior to 8:00 a.m. on the Listing Date will only become valid certificate of title at 8:00 a.m. on the Listing Date if the Public Offer has become unconditional in all aspects and the Underwriting Agreements have not been terminated in accordance with its terms on or before 8:00 a.m. on the Listing Date.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Your application money, or an appropriate portion thereof, together with the related brokerage fee, Stock Exchange trading fee and the SFC transaction levy, will be refunded, without interest if:

- your application is rejected, not accepted or only accepted in part;
- the Offer Price as finally determined is less than the maximum indicative Offer Price;
- the conditions of the Share Offer are not fulfilled in accordance with the section headed “Structure and conditions of the Share Offer” in this prospectus;
- any application is revoked or any allocation pursuant thereto has become void; or
- any of the reasons set forth under “Circumstances in which you will not be allotted the Public Offer Shares”.

It is intended that special efforts will be made to avoid any undue delay in refunding application money where appropriate.

If you applied through the **HK eIPO White Form** service and paid the application monies from a single bank account, refund monies (where applicable) will be despatched to your application payment bank account in the form of e-Auto Refund payment instructions on Tuesday, 19 July 2011. If you apply through **HK eIPO White Form** service and paid the application monies from multiple bank accounts, refund monies (where applicable) in the form of refund cheque(s) on Tuesday, 19 July 2011 by ordinary post at your own risk.

If you have given **electronic application instructions**, your refund (if any) will be credited to your designated bank account or the designated bank account of the designated CCASS Participant through which you are applying on Tuesday, 19 July 2011. If you have instructed your designated CCASS Participant (other than CCASS Investor Participant) to give **electronic application instructions** on your behalf, you can check the amount of refund (if any) payable to you with that designated CCASS Participant. If you have applied as CCASS Investor Participant, you can check the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Tuesday, 19 July 2011 or in the activity statement showing the amount of refund money credited to your designated bank account made available to you by HKSCC immediately after the credit of refund money to your bank account. All refunds of your application monies (including the related brokerage, the Stock Exchange trading fee and SFC transaction levy) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 19 July 2011.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

You will receive one share certificate for all the Public Offer Shares issued to you (except pursuant to applications made on **YELLOW** Application Forms or by giving **electronic application instructions** where the share certificate will be deposited into CCASS as described below under “Deposit of Share certificates into CCASS” below).

Subject to the provisions mentioned below, in due course there will be sent to you by ordinary post, at your own risk to the address specified on your Application Form:

- for applicants on **WHITE** Application Forms: (i) Share certificate for all the Public Offer Shares applied for, if your application is wholly successful; or (ii) Share certificate for the number of Public Offer Shares successfully applied for, if your application is partially successful; and/or
- for applicants on **WHITE** and **YELLOW** Application Forms, a refund cheque crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for: (i) the excess application money for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application money, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price as determined and the maximum indicative Offer Price, payable upon application, in the event that the Offer Price is lower than the maximum indicative Offer Price, in each case including related brokerage of 1%, the Stock Exchange trading fee of 0.005% and the transaction levy of 0.003% imposed by the SFC, without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of the refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of or may invalidate your refund cheque.

In a contingency situation involving a very high level of over-subscription, at the discretion of our Company and the Sole Bookrunner, applications for certain small denominations of the Public Offer Shares may be eliminated in a pre-balloting. In such circumstances, the cheques or banker’s cashier orders accompanying such applications on the Application Forms will not be presented for clearing.

Subject as mentioned below, refund cheques (if any) and Share certificates for successful applicants under **WHITE** Application Forms are expected to be despatched on Tuesday, 19 July 2011. We reserve the right to retain any share certificates and any excessive application money pending clearance of cheque(s) or banker’s cashier order(s).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you have applied for 1,000,000 Public Offer Shares or more on a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service by submitting an electronic application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk and have indicated your intention in your application to collect your refund cheque (where applicable) and/or (for applicants using **WHITE** Application Forms) Share certificate (where applicable) from our Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, and have provided all information required for your application, or if you have applied for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect (where applicable) your refund cheque and/or (where applicable) Share certificate from our Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong on Tuesday, 19 July 2011 from 9:00 a.m. to 1:00 p.m. or any other date notified by us in the newspapers as the date of despatch of Share certificates/refund cheques.

If you are an individual who opts for collection in person, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for collection in person, the authorised representative bearing a letter of authorization from the corporation stamped with the corporation's chop must be presented for collection. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Company's Hong Kong branch share registrar and transfer office. If you do not collect your Share certificate and/or refund cheque during the above period, they will be despatched promptly to you by ordinary post to the address as specified in your Application Form or the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider at your own risk.

If you have applied for less than 1,000,000 Public Offer Shares by **WHITE** or **YELLOW** Application Form or through **HK eIPO White Form** service or if you have applied for 1,000,000 Public Offer Shares or more on a **WHITE** or **YELLOW** Application Form but have not indicated in your Application Form that you wish to collect your Share certificate (where applicable) and/or refund cheque in person, the Share certificate and/or refund cheque (if applicable) will be sent to the address as stated on your Application Form or the address specified in your application instruction to the designated **HK eIPO White Form** Service Provider on Tuesday, 19 July 2011 or any other date notified by us in the newspapers as the date of despatch of Share certificates/refund cheques by ordinary post and at your own risk.

Deposit of Share certificates into CCASS

If you apply for the Public Offer Shares using a **YELLOW** Application Form or by giving **electronic application instructions** via CCASS, and your application is wholly or partially successful, your Share certificate will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant's stock account or the stock account of your designated CCASS Participant as instructed by you on Tuesday, 19 July 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) using **YELLOW** Application Form or by giving electronic application instructions to HKSCC via CCASS, you can check the number of the Public Offer Shares allotted to you with that CCASS Participant.

We expect to publish the application results of CCASS Investor Participants using **YELLOW** Application Form and the application results of CCASS Participants applying by giving **electronic application instructions** (and where the CCASS Participant is a broker or custodian, we shall include information relating to the beneficial owner, the Hong Kong identity card numbers, passport numbers or other identification code (Hong Kong business registration certificate number for corporations), if supplied) on Tuesday, 19 July 2011. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 19 July 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Applicants applying as CCASS Investor Participant by using **YELLOW** Application Form or by giving **electronic application instructions** can also check the result of application via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) using **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC for Public Offer Shares for credit to the stock account of your designated CCASS Participant (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, you can check your new account balance via the CCASS Phone System and CCASS Internet System immediately after the credit of the Public Offer Shares to your stock account. HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

COMMENCEMENT OF DEALINGS IN THE SHARES

Subject to the events as described in the paragraph headed "Effect of bad weather on the opening of the application lists" above, you may lodge your application for the Public Offer Shares by the various means as referred to in this section during the period from Wednesday, 30 June 2011 to Wednesday, 13 July 2011 covering 14 calendar days, which is longer than the normal market practice of about four days. The application monies (including the brokerages, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicants without interest on Tuesday, 19 July 2011. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 20 July 2011. Shares will be traded in board lots of 2,000 Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.



德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

30 June 2011

The Directors
Winox Holdings Limited
Haitong International Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Winox Holdings Limited (the “Company”), its subsidiaries and Winox Manufacturing Company Limited (the “Predecessor Entity”) (defined below, together with the Company and its subsidiaries hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2010 (the “Track Record Period”) for inclusion in the prospectus of the Company dated 30 June 2011 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law Chapter 22 of the Cayman Islands on 28 January 2010. Pursuant to a group reorganisation as more fully explained in the section headed “Reorganisation” of the Prospectus (the “Group Reorganisation”), the Company has become the holding company of the companies comprising the Group on 11 March 2011.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

<u>Name of subsidiary</u>	<u>Place and date of incorporation/ establishment</u>	<u>Issued and fully paid share capital/ registered capital</u>	<u>Attributable equity interest</u>	<u>Principal activities</u>
Feng Cai Limited* ("Feng Cai")	British Virgin Islands 2 December 2009	Shares US\$100	100%	Investment holdings
Glorify Land Management Limited* ("Glorify Land")	British Virgin Islands 13 November 2007	Shares US\$880	100%	Investment holdings
Max Surplus Corporation Limited ("Max Surplus")	Hong Kong 3 December 2009 (being a private limited company)	Ordinary capital HK\$1	100%	Investment holdings

<u>Name of subsidiary</u>	<u>Place and date of incorporation/ establishment</u>	<u>Issued and fully paid share capital/ registered capital</u>	<u>Attributable equity interest</u>	<u>Principal activities</u>
Winox Holdings Limited * ("Winox BVI")	British Virgin Islands 1 February 2010	Shares US\$1	100%	Inactive
Winox Enterprise Company Limited ("Winox Enterprise") . .	Hong Kong 23 March 2001 (being a private limited company)	Ordinary capital HK\$60,000,000	100%	Investment holdings and sale of watch bracelets, costume jewellery and accessories
Winox Management Limited ("Winox Management")	Hong Kong 8 September 2010 (being a private limited company)	Ordinary capital HK\$1	100%	Provision of management and administration service to the group entities
盈利時錶業(東莞)有限 公司 ("Winox WFOE") .	People's Republic of China (the "PRC") 4 April 2002 for a term of 20 years as a wholly foreign owned enterprise	Registered capital HK\$50,000,000 Paid-up capital HK\$50,000,000	100%	Manufacture and sale of watch bracelets, costume jewellery, mobile phone case, and accessories
惠州豐采貴金屬製造 有限公司 (formerly known as 惠州豐采置業有限公司) ("Huizhou WFOE") . .	PRC 10 June 2010 for a term of 30 years as a wholly foreign owned enterprise	Registered capital HK\$52,000,000 Paid-up capital HK\$52,000,000	100%	Manufacturing and sale of watch bracelets watch shell accessories costume jewellery, gold and silver jewellery, non-gold jewellery, mobile phone case and mould

* *Directly held by the Company*

During the year ended 31 December 2008, the Predecessor Entity engaged in manufacturing and sale of watch bracelets, costume jewellery and accessories. Pursuant to certain policies of the PRC local government authorities of Dongguan to encourage the establishment of wholly-foreign owned enterprises rather than engaging processing factories for the provision of processing services, among others, to consolidate its resources and upgrade the businesses in the various localities and in compliance with the procedures prescribed by the local foreign trade and economic cooperation authority, local customs and other relevant authorities, Winox Enterprise and Winox WFOE started to carry out the manufacturing and sale operations of the Group in place of the Predecessor Entity, and gradually, the Predecessor Entity ceased its manufacturing and sales operations in 2008. After the Predecessor Entity completed the purchase orders placed by its customers and legal transfer of certain property, plant and equipment associated with manufacturing and sale of watch bracelets, costume jewellery and accessories, the directors of the Predecessor Entity resolved to cease the business of the Predecessor Entity on 31 December 2008 (details of which are set out in the paragraph

headed "History and Development" to the Prospectus). The particulars of the Predecessor Entity for the year ended 31 December 2008 are set out below:

<u>Name of the Predecessor Entity</u>	<u>Place and date of incorporation</u>	<u>Issued and fully paid share capital</u>	<u>Attributable beneficial/direct equity interest</u>	<u>Principal activities</u>
Winox Manufacturing Company Limited	Hong Kong 5 July 1999	Ordinary capital HK\$60,000,000	96%*	Manufacture and sale of watch bracelets, costume jewellery and accessories

* The remaining 4% beneficial interests of the Predecessor Entity was owned by Mr. Ko Wai Cheung, the non-controlling interests of the Group, through the nominee shareholder, Good Effect Limited ("ultimate holding company of the Predecessor Entity"), an investment holding company with limited liability incorporated in the British Virgin Islands. The financial information of Good Effect Limited was not included in the Financial Information for the Track Record Period.

The statutory financial statements of the following companies for each of the three years ended 31 December 2010 were prepared in accordance with the relevant accounting principles and financial regulations applicable to the PRC or Hong Kong enterprises and were audited by the following certified public accountants registered in the PRC or Hong Kong.

<u>Name of company</u>	<u>Financial year</u>	<u>Name of auditor</u>
Max Surplus	For the period from 3 December 2009 (date of incorporation) to 31 December 2010	Deloitte Touche Tohmatsu
Winox Enterprise	Each of the two years ended 31 December 2009	CCIF CPA Limited
	Year ended 31 December 2010	Deloitte Touche Tohmatsu
Winox WFOE	Each of the three years ended 31 December 2010	廣東中誠安泰會計師事務所 有限公司 (Guangdong CCAT Certified Public Accountants Co., Ltd.)

<u>Name of company</u>	<u>Financial year</u>	<u>Name of auditor</u>
Huizhou WFOE	For the period from 10 June 2010 (date of establishment) to 31 December 2010	惠州廣誠會計師事務所
The Predecessor Entity .	Year ended 31 December 2008	W.H. Tse & Company

We have acted as the auditor of the Company since its date of incorporation. As at the date of this report, no statutory audit financial statements have been prepared for the Company, Winox Management, and those subsidiaries which were incorporated in the British Virgin Islands as they were either newly incorporated/established or incorporated in jurisdictions where there are no statutory audit requirements.

We have audited the consolidated financial statements of Glorify Land and Feng Cai for the Track Record Period, and examined the management accounts of the Company and Winox BVI since their date of incorporation to 31 December 2010 and the audited financial statements or where necessary, the management accounts of the Predecessor Entity for the year ended 31 December 2008, prepared under Hong Kong Financial Reporting Standards ("HKFRSs") (the "Underlying Financial Statements") in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

We have examined the Underlying Financial Statements for the Track Record Period in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The combined statements of financial position of the Group as at 31 December 2008, 31 December 2009 and 31 December 2010 and the combined statements of comprehensive income and cash flows of the Group for the Track Record Period have been prepared from the Underlying Financial Statements, on the basis set out in note 1 of Section E below, after making such adjustments as we consider appropriate for the purpose of preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of those companies who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of preparation set out in note 1 of Section E below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 31 December 2010 and the Group as at 31 December 2008, 31 December 2009, and 31 December 2010 and of the combined profit and cash flows of the Group for the Track Record Period.

A. COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Section E Notes	Year ended 31 December		
		2008	2009	2010
		HK\$'000	HK\$'000	HK\$'000
Turnover	7	324,598	256,928	398,606
Cost of goods sold		(202,692)	(157,356)	(227,936)
Gross profit		121,906	99,572	170,670
Other income	8	1,118	1,275	4,055
Other losses	9	(8,464)	(1,756)	(1,254)
Selling and distribution costs . .		(17,995)	(12,588)	(20,075)
Administrative expenses		(23,346)	(25,058)	(35,010)
Listing expenses		-	-	(5,240)
Finance costs	10	(551)	(2,981)	(4,900)
Profit before taxation	11	72,668	58,464	108,246
Taxation	13	(11,169)	(6,296)	(17,267)
Profit for the year		61,499	52,168	90,979
Other comprehensive income - exchange differences arising on translation		677	386	4,254
Total comprehensive income for the year		<u>62,176</u>	<u>52,554</u>	<u>95,233</u>
Profit for the year attributable to:				
Owners of the Company		59,553	52,168	90,979
Non-controlling interests		1,946	-	-
		<u>61,499</u>	<u>52,168</u>	<u>90,979</u>
Total comprehensive income attributable to:				
Owners of the Company		60,210	52,554	95,233
Non-controlling interests		1,966	-	-
		<u>62,176</u>	<u>52,554</u>	<u>95,233</u>
Earnings per share - Basic	14	<u>HK15.9 cents</u>	<u>HK13.9 cents</u>	<u>HK24.3 cents</u>

B. COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Section E</i>	At 31 December			
		<i>Notes</i>	2008	2009	2010
			HK\$'000	HK\$'000	HK\$'000
Non-current assets					
Property, plant and equipment	16	62,286	64,346	94,580	
Prepaid lease payments	17	7,017	6,867	6,970	
Prepayment for acquisition of land use right		–	–	18,687	
Deposits paid for acquisition of property, plant and equipment		2,133	453	7,443	
Deposit and prepayments for a life insurance policy	18	–	–	5,682	
		<u>71,436</u>	<u>71,666</u>	<u>133,362</u>	
Current assets					
Inventories	19	46,320	25,433	40,633	
Trade and other receivables	20	33,497	41,780	97,608	
Amount due from a shareholder	21	–	241	–	
Amounts due from related parties	22	5,673	26,701	538	
Pledged bank deposits	23	499	124	–	
Bank balances and cash	23	56,040	40,232	61,793	
		<u>142,029</u>	<u>134,511</u>	<u>200,572</u>	
Current liabilities					
Trade and other payables	24	33,793	35,325	56,119	
Dividend payable		–	–	1,200	
Tax payables		5,212	6,508	1,125	
Amounts due to related parties	22	29,164	80	–	
Amount due to a director	25	55,624	24,976	–	
Bank borrowings	26	36,437	69,052	139,474	
Obligation under a finance lease	27	134	134	56	
		<u>160,364</u>	<u>136,075</u>	<u>197,974</u>	

	<i>Section E</i>	At 31 December		
		<i>Notes</i>		
		2008	2009	2010
		HK\$'000	HK\$'000	HK\$'000
Net current (liabilities) assets . . .		<u>(18,335)</u>	<u>(1,564)</u>	<u>2,598</u>
Total assets less current liabilities		<u>53,101</u>	<u>70,102</u>	<u>135,960</u>
Non-current liabilities				
Obligation under a finance				
lease	27	190	56	–
Deferred tax liabilities	28	<u>5,418</u>	<u>–</u>	<u>–</u>
		<u>5,608</u>	<u>56</u>	<u>–</u>
Net assets		<u>47,493</u>	<u>70,046</u>	<u>135,960</u>
Capital and reserves				
Share capital	29	–	–	1
Reserves		<u>47,493</u>	<u>70,046</u>	<u>135,959</u>
Equity attributable to owners of the Company		<u>47,493</u>	<u>70,046</u>	<u>135,960</u>

C. COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Non- distributable reserve	Translation reserve	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total
	HK\$'000 (note 29 of Section E)	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008	57,600	1	1,543	16,950	76,094	3,229	79,323
Exchange differences arising on translation of foreign operations	-	-	657	-	657	20	677
Profit for the year	-	-	-	59,553	59,553	1,946	61,499
Total comprehensive income for the year	-	-	657	59,553	60,210	1,966	62,176
Acquisition of additional interest in a subsidiary from non-controlling interests (Note b)	-	-	69	(391)	(322)	(1,508)	(1,830)
Deemed appropriation to owners of the Company (Note 1 of Section E)	(57,600)	-	-	(30,889)	(88,489)	(3,687)	(92,176)
At 31 December 2008	-	1	2,269	45,223	47,493	-	47,493
Exchange differences arising on translation of foreign operations	-	-	386	-	386	-	386
Profit for the year	-	-	-	52,168	52,168	-	52,168
Total comprehensive income for the year	-	-	386	52,168	52,554	-	52,554
Capital contribution by owners of the Company	-	4,799	-	-	4,799	-	4,799
Dividend	-	-	-	(34,800)	(34,800)	-	(34,800)
At 31 December 2009	-	4,800	2,655	62,591	70,046	-	70,046
Exchange differences arising on translation of foreign operations	-	-	4,254	-	4,254	-	4,254
Profit for the year	-	-	-	90,979	90,979	-	90,979
Total comprehensive income for the year	-	-	4,254	90,979	95,233	-	95,233
Issue of shares	1	-	-	-	1	-	1
Capitalisation of retained earnings (Note c)	-	2,400	-	(2,400)	-	-	-
Dividend	-	-	-	(29,320)	(29,320)	-	(29,320)
At 31 December 2010	1	7,200	6,909	121,850	135,960	-	135,960

Notes:

- (a) The non-distributable reserve represented 12% of the issued share capital of Winox Enterprise which contributed by certain owners of the Company directly before the Group Reorganisation.
- (b) On 31 December 2008, the Group acquired 3% additional interest in Winox Enterprise from non-controlling interests, increasing its controlling interests from 97% to 100%. The consideration on acquisition of HK\$1,830,000 were paid in cash. An amount of HK\$1,508,000 (being the proportionate share of the carry amount of the consolidated net assets of Winox Enterprise) has been transferred from non-controlling interests. The difference of HK\$322,000 between HK\$1,508,000 and the consideration paid of HK\$1,830,000 has been debited to equity attributable to owners of the Company.
- (c) On 31 December 2010, Winox Enterprise allotted and issued 20,000,000 ordinary shares of HK\$1.00 each credited as fully paid by way of capitalisation of an amount of HK\$20,000,000 out of its retained profits.

D. COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Operating activities			
Profit before taxation	72,668	58,464	108,246
Adjustments for:			
Interest income	(76)	(600)	(411)
Interest expenses	551	2,981	4,900
Depreciation	11,999	6,647	6,515
Operating lease rentals in respect of prepaid lease payments	149	150	153
Bad debts written off	2,870	–	–
Loss on disposal of property, plant and equipment . .	3,070	1,379	27
Imputed interest income from a deposit placed for a life insurance policy (<i>note 18 of Section E</i>)	–	–	(39)
Amortisation of prepaid insurance expenses (<i>note 18 of Section E</i>)	–	–	111
Operating cash flows before movements in working capital . . .	91,231	69,021	119,502
(Increase) decrease in inventories . .	(36,972)	20,887	(14,228)
Decrease (increase) in trade and other receivables	42,112	(7,898)	(54,318)
(Decrease) increase in trade and other payables	(27,538)	1,532	19,923
Cash generated from operations	68,833	83,542	70,879
Income tax paid			
Hong Kong Profits Tax	(2,204)	(10,417)	(18,223)
PRC Enterprise Income Tax ("PRC EIT")	–	–	(3,888)
Net cash from operating activities . . .	66,629	73,125	48,768

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Investing activities			
Interest received	76	600	411
Deposits paid for acquisition of property, plant and equipment . .	(2,133)	(453)	(7,443)
Payment for a life insurance policy	–	–	(6,200)
Prepayment for acquisition of land use right	–	–	(18,687)
(Increase) decrease in pledged bank deposits	(176)	375	124
Purchase of property, plant and equipment	(7,585)	(7,971)	(32,975)
Proceed from disposal of property, plant and equipment	–	18	–
Advances made to related parties .	(5,673)	(26,701)	(538)
Repayments from related parties . .	136	5,673	26,701
Advances to ultimate holding company of the Predecessor Entity	(44,079)	–	–
(Advances to) repayment from a shareholder	–	(241)	241
Net cash used in investing activities .	(59,434)	(28,700)	(38,366)

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Financing activities			
Interest paid	(551)	(2,981)	(4,900)
Repayments of obligation under a finance lease	(134)	(134)	(134)
Bank borrowings raised	36,437	38,015	84,840
Repayments of bank borrowings . .	(4,714)	(5,400)	(15,919)
Repayments to a director	(10,494)	(30,648)	(24,976)
Advances from related parties	1,829	19	–
Repayments to related parties	–	(29,103)	(80)
Acquisition of additional interest in a subsidiary from non-controlling interests	(1,830)	–	–
Proceeds on issue of shares	–	–	1
Proceeds on issue of shares of a subsidiary from certain owners of the Company	–	4,799	–
Dividend paid	–	(34,800)	(28,120)
Cash distributed to owners of the Company (<i>note 1 of Section E</i>)	(3,469)	–	–
Net cash from (used in) financing activities	17,074	(60,233)	10,712
Net increase (decrease) in cash and cash equivalents	24,269	(15,808)	21,114
Cash and cash equivalents at 1 January	31,688	56,040	40,232
Effect of foreign exchange rate changes	83	–	447
Cash and cash equivalents at 31 December, representing bank balances and cash	56,040	40,232	61,793

E. NOTES TO THE FINANCIAL INFORMATION**1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION**

Pursuant to the Group Reorganisation, the Company has been the holding company of the companies now comprising the Group on March 2011.

The combined statements of comprehensive income and the combined statements of cash flows which include the results and cash flows of the companies now comprising the Group have been prepared by applying the principles of merger accounting which is consistent with the principle as stated in Accounting Guideline 5 "Merger accounting under common control combination" issued by the HKICPA, as if the current group structure had been in existence throughout the Track Record Period or since their respective dates of incorporation/establishment, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2008, 31 December 2009, 31 December 2010 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence as at those dates.

The Group was under the common control of Mr. Yiu Hon Ming ("Mr. Yiu") and Ms. Law Wai Ping ("Ms. Law", the spouse of Mr. Yiu) together with Mr. Mak Kin Man, Mr. Mark Yiu, Ms. Yiu Wai Sheung, Ms. Tang Wai Fong (the wife of the late Mr. So Bing Jo), Mr. Chan Kai Ming, Mr. Ng Woon Kiu and Mr. Li Chin Keung, collectively prior to and after the Group Reorganisation, and that collective control is not transitory.

Although the Predecessor Entity was not formally included in the Group, it has been included in the Financial Information for the year ended 31 December 2008 (up to the cease of the business of the Predecessor Entity) as the directors of the Company consider that the historical financial information of the Group should include entire activities of the Predecessor Entity for the year ended 31 December 2008 that have been a part of the history of the Group's business in manufacturing and sale of watch bracelets, costume jewellery and accessories for the Track Record Period.

Accordingly, the result of the Predecessor Entity for the year ended 31 December 2008 is combined in the Financial Information. The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the year ended 31 December 2008 include the results of the Predecessor Entity and the companies now comprising the Group. The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the year ended 31 December 2009 and year ended 31 December 2010 only include the results of the companies now comprising the Group.

After the completion of purchase orders placed by its customers and legal transfer of certain property, plant and equipments associated with manufacturing and sale of watch bracelets, costume jewellery and accessories to Winox Enterprise and Winox WFOE, all remaining assets and liabilities of the Predecessor Entity (details of which are set out in below) were retained by the Predecessor Entity at their carrying value ("Retained Assets") as the directors of the Company are of the opinion that the Retained Assets were not necessary for the business of the Group after the replacement of the Predecessor Entity by Winox Enterprise and Winox WFOE during the year ended 31 December 2008. The Retained Assets retained by the Predecessor Entity at 31 December 2008 were treated as deemed appropriations to owners of the Company at 31 December 2008.

The directors of the Company represented that the Retained Assets have not been used for business operations since 31 December 2008 when the directors of the Predecessor Entity resolved to cease the business of the Predecessor Entity.

The Retained Assets retained by the Predecessor Entity at their carrying value on 31 December 2008 consisted of the following:

	<i>Section E Notes</i>	<u>HK\$'000</u>
Assets		
Property, plant and equipment	16(iii)	162
Trade and other receivables		4,070
Tax receivables		2,003
Amounts due from related parties	22	27,335
Amount due from ultimate holding company of the Predecessor Entity		67,995
Cash and cash equivalents		<u>3,469</u>
		<u>105,034</u>
Liabilities		
Trade and other payables		8,712
Bank borrowings	30	<u>4,146</u>
		<u>12,858</u>
Net assets		<u><u>92,176</u></u>

The Financial Information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA issued a number of new and revised Hong Kong Accounting Standards ("HKAS"s) and HKFRSs, amendments and interpretations ("INT"s) (hereinafter collectively referred to as the "new HKFRSs") which are effective for the Group's accounting periods beginning on 1 January 2010. For the purposes of preparing and presenting the Financial Information of the Track Record Period, the Group's has adopted all these new HKFRSs consistently throughout the Track Record Period.

At the date of this report, the following new and revised standards, amendments and INTs have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related party disclosures ⁴
HKAS 27 (Revised)	Separate financial statements ⁷
HKAS 28 (Revised)	Investments in associates and joint ventures ⁷
HKAS 32 (Amendment)	Classification of rights issues ²
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ³
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters ⁵
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets ⁵

HKFRS 9	Financial instruments ⁷
HKFRS 10	Consolidated financial statements ⁷
HKFRS 11	Joint arrangements ⁷
HKFRS 12	Disclosure of interests in other entities ⁷
HKFRS 13	Fair value measurement ⁷
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets ⁶
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement ⁴
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

² Effective for annual periods beginning on or after 1 February 2010.

³ Effective for annual periods beginning on or after 1 July 2010.

⁴ Effective for annual periods beginning on or after 1 January 2011.

⁵ Effective for annual periods beginning on or after 1 July 2011.

⁶ Effective for annual periods beginning on or after 1 January 2012.

⁷ Effective for annual periods beginning on or after 1 January 2013.

The Group has not early adopted these new and revised standards, amendments or interpretations in the preparation of the Group's Financial Information.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost basis and in accordance with the following accounting policies which conform with the HKFRSs. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of combination

The Financial Information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Track Record Period are included in the combined statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Non-controlling interests in subsidiaries are presented separately from the equity of the owners of the Company.

All intra-group transactions, balances, income and expenses are eliminated on combination.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combination under common control

The Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities first came under the common control combination, where there is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Sales of goods is recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight line method.

Construction in progress is stated at cost less identified impairment losses which includes all construction costs and other direct costs attributable to such projects, and borrowing costs capitalised in accordance with the Group's accounting policy. It is not depreciated until completion of construction and the relevant assets are available for use. Costs of completed construction works are transferred to the appropriate category of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period in which the item is derecognised.

Prepaid lease payments

Prepaid lease payments representing land use rights in the PRC are stated at cost and amortised on a straight-line basis over the lease terms. Prepaid lease payments which are to be amortised in the next twelve months or less are classified as current assets.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowings costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the combined statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly classified into loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a shareholder, amounts due from related parties, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss.

Deposit and prepayments for a life insurance policy

Life insurance premium and relevant charges are charged as expenses over the relevant period being insured, with a corresponding reduction in the amounts prepaid to the insurance company. Interest income from the insurance deposit is accrued on a time basis, by reference to the deposit outstanding and at the effective interest rate applicable, which is the rate that exactly discounts

the estimated future cash receipts through the expected life of the deposit to the net carrying amount of the deposit on initial recognition.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date of the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instrument are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related parties, amount due to a director, bank borrowings and obligation under a finance lease are subsequently measured at amortised cost, using the effective interest method.

Equity instrument

Equity instrument issued by the Company and the group entity are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the combined statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income or expense items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Government grants

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

Payments to retirement benefits plans and government-managed retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of bank borrowings, pledged bank deposits, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, reserves and retained profits as disclosed in the Financial Information.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new share issues of the Company as well as the raising of bank loans.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Inventories

Inventories are stated at the lower of cost (weighted average method) and net realisable value. Inventory provisions, are made for slow moving, obsolete or unsaleable inventory. In determining inventory provisions the management evaluates inventory in excess of the forecasted needs on both technological and economical criteria and take appropriate provisions to reflect the risk of obsolescence. This methodology is significantly affected by the management's forecasted needs for inventory. If actual demand or usage were to lower than estimated, additional inventory provisions for excess or obsolete inventory may be required, which could have material adverse effect on the Group's business, financial condition and results of operations.

Useful lives, residual value and impairment of property, plant and equipment

The Group's management determines the estimated useful lives, residual value and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual value of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives or residual value are expected to be shorter or lower than estimated, or it will write-off or write-down obsolete assets that have been abandoned or sold. Change in these estimations may have a material impact on the results of the Group.

6. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note 3.

Categories of financial instruments

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Financial assets			
Loans and receivables (including cash and cash equivalents) . . .	94,772	108,587	156,733
Financial liabilities			
Amortised cost	153,238	128,968	195,589
Obligation under a finance lease	324	190	56
	<u>153,562</u>	<u>129,158</u>	<u>195,645</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from a shareholder, amounts due from related parties, pledged bank deposits, bank balances and cash, deposit component of the life insurance policy (see note 18), trade and other payables, amount due to a director, amounts due to related parties, bank borrowings and obligation under a finance lease. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the combined statements of financial position.

As at 31 December 2008, 31 December 2009 and 31 December 2010, the Group has concentration of credit risk as 27%, 44% and 59%, and 88%, 86% and 83% respectively of the trade receivables was due from the Group's largest customer and the five largest customers respectively.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting periods to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on pledged bank deposits and bank balances is minimal as such amounts are placed in banks with good reputation.

Currency risk

Certain group entities have foreign currency sales, which expose the Group to foreign currency risk. During the years ended 31 December 2008, 31 December 2009 and 31 December 2010, about 12%, 14% and 13% of the Group's sales respectively are denominated in currency other than the functional currency of the group entities. The group entities also have foreign currency purchases, which also expose the Group to foreign currency risk. During the years ended 31 December 2008, 2009 and 2010, about 41%, 17% and 5% of the Group's purchases are denominated in currencies other than the functional currency of the group entities making the purchase. The carrying amounts of relevant group entities' foreign currency denominated monetary assets and liabilities other than their functional currency for the Track Record Period are disclosed in respective notes.

Sensitivity analysis

The Group mainly exposes to currency of United States dollars ("US\$"), Swiss Franc ("CHF") and Hong Kong dollars ("HK\$"), which are arising from the relevant group entities' foreign currency denominated monetary assets and liabilities, for the Group's operating activities in Hong Kong and PRC. The following table details the Group's sensitivity to a 3% increase and decrease in HK\$ against the relevant foreign currencies. Under the linked exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial and therefore no sensitivity analysis has been presented. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end of the reporting period for a 3% change in the foreign currency rates. The sensitivity analysis includes certain bank balances and trade and other payables which are exposed to foreign currency risk. A positive (negative) number below indicates an increase (decrease) in profit after taxation where HK\$ strengthens 3% against the relevant foreign currencies. For a 3% weakening of HK\$ against the relevant currencies, there would be an equal and opposite impact on the profit after taxation.

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
CHF	152	139	1
HK\$	–	(24)	(349)
	<u> </u>	<u> </u>	<u> </u>

Liquidity risk management

The management of the Group has built an appropriate liquidity risk management framework for the management of the Group's short and medium-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecasted and actual cash flows and the maturity profiles of its financial liabilities.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up to reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or less than 3 months	Over 3 months but not more than 1 year	Over 1 year	Total undis- counted cash flows	Carrying amount
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial liabilities						
At 31 December 2008						
Trade and other payables	-	32,013	-	-	32,013	32,013
Amount due to a director	-	55,624	-	-	55,624	55,624
Amounts due to related parties	-	29,164	-	-	29,164	29,164
Bank borrowings subject to a repayment on demand clause	4.94	36,437	-	-	36,437	36,437
Obligation under a finance lease	4.25	39	118	222	379	324
Financial guarantee contract (<i>note 30</i>)	-	4,146	-	-	4,146	-
		<u>157,423</u>	<u>118</u>	<u>222</u>	<u>157,763</u>	<u>153,562</u>
At 31 December 2009						
Trade and other payables	-	34,860	-	-	34,860	34,860
Amount due to a director	-	24,976	-	-	24,976	24,976
Amounts due to related parties	-	80	-	-	80	80
Bank borrowings subject to a repayment on demand clause	5.15	69,052	-	-	69,052	69,052
Obligation under a finance lease	4.25	39	118	65	222	190
		<u>129,007</u>	<u>118</u>	<u>65</u>	<u>129,190</u>	<u>129,158</u>
At 31 December 2010						
Trade and other payables	-	56,115	-	-	56,115	56,115
Bank borrowings subject to a repayment on demand clause	3.06	139,474	-	-	139,474	139,474
Obligation under a finance lease	4.25	39	26	-	65	56
		<u>195,628</u>	<u>26</u>	<u>-</u>	<u>195,654</u>	<u>195,645</u>

The following table summarises the maturity analysis of the bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" or less than 3 months time band in the above maturity analysis. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such banks borrowings will be repaid in accordance with the scheduled repayment dates set out in the loans agreements.

	Less than 3 months	Over 3 months but not more than 1 year	Over 1 year	Total undiscounted cash flows
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 December 2008	24,024	3,961	8,958	36,943
31 December 2009	42,707	8,893	25,455	77,055
31 December 2010	49,219	22,474	75,720	147,413

Interest rate risk management

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly interest bearing pledged bank deposits, bank balances and bank borrowings at variable interest rates. The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate risk should the need arise.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing pledged bank deposits, bank balances and bank borrowings at variable interest rates at the end of each reporting period and assumed that the amount of assets and liabilities outstanding at the end of each reporting period was outstanding for the whole year. 25 basis points increase was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonable possible change in interest rates. The management does not anticipate a decrease in interest rates in the next financial year having regard to the trends in HIBOR and The People's Bank of China Standard Loan Interest Rate. Accordingly, sensitivity analysis on a decrease in interest rates is not presented.

If interest rates on pledged bank deposits, bank balances and bank borrowings at variables interest rates had been 25 basis points higher and all other variables were held constant, the potential effect on profit after taxation for each year is as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Increase (decrease) in profit after taxation for the year	50	(72)	(195)

Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using rates from observable current market transaction as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values at the end of each reporting period.

7. TURNOVER AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reporting segment focusing on manufacture and sale of watch bracelets, costume jewellery and accessories. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the chief operating decision makers (the "CODM") which is the Board of directors of the Company. The CODM regularly reviews revenue analysis by products, including watch bracelets, costume jewellery and accessories and by locations, including Switzerland, Hong Kong and other European and Asian countries. However, other than revenue analysis, no operating results and other discrete Financial Information is available for the assessment of performance of the respective products and locations. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single reporting segment is presented.

Turnover represents the fair value of the consideration received or receivable for goods sold to outside customers during the Track Record Period.

An analysis of the Group's turnover by products is as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Sales of			
– watch bracelets	242,457	180,855	308,008
– costume jewellery	76,763	67,480	69,500
– accessories	5,378	8,593	21,098
	<u>324,598</u>	<u>256,928</u>	<u>398,606</u>

Turnover from external customers, based on locations of customers attributed to the Group by geographical areas is as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Turnover			
– Switzerland	255,013	216,017	284,568
– Hong Kong	56,595	30,701	69,832
– Other European and Asian countries	12,990	10,210	44,206
	<u>324,598</u>	<u>256,928</u>	<u>398,606</u>

Revenues from customers of the corresponding year contributing over 10% of the total turnover of the Group are as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Customer A ¹	193,285	148,901	218,682
Customer B ¹	51,990	24,884 ³	50,673
Customer C ²	37,217	37,474	41,724

Notes:

- ¹ Revenue from sales of watch bracelets.
- ² Revenue from sales of costume jewellery and accessories.
- ³ The corresponding revenue did not contribute over 10% of total turnover of the Group.

Substantially all of the Group's non-current assets were located in the Mainland China amounting to HK\$70,908,000, HK\$71,297,000 and HK\$127,312,000 for the year ended 31 December 2008, 31 December 2009 and 31 December 2010 respectively.

8. OTHER INCOME

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Bank interest income	76	600	411
Imputed interest income from a deposit placed for a life insurance policy	–	–	39
Gain from sales of scrap	911	474	2,732
Management fee income (<i>note 34(i)</i>)	–	–	345
Others	131	201	528
	<u>1,118</u>	<u>1,275</u>	<u>4,055</u>

9. OTHER LOSSES

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Bad debts written off	2,870	–	–
Loss on disposal of property, plant and equipment	3,070	1,379	27
Net foreign exchange loss	2,524	377	1,227
	<u>8,464</u>	<u>1,756</u>	<u>1,254</u>

10. FINANCE COSTS

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Interests on			
– bank borrowings wholly repayable within five years	528	2,958	4,877
– finance lease	23	23	23
	<u>551</u>	<u>2,981</u>	<u>4,900</u>

11. PROFIT BEFORE TAXATION

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:			
Directors' remuneration (<i>note 12</i>)	372	372	1,451
Other staff's retirement benefits scheme contributions	4,359	4,015	5,143
Other staff costs	71,697	66,288	87,399
	<u>76,428</u>	<u>70,675</u>	<u>93,993</u>
Auditors' remuneration	129	93	1,774
Cost of inventories recognised as expenses . .	192,700	151,050	218,226
Depreciation	11,999	6,647	6,515
Operating lease rentals in respect of			
– prepaid lease payments	149	150	153
– rented premises	402	402	627
	<u>402</u>	<u>402</u>	<u>627</u>

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Directors' fees	–	–	–
Other emoluments to independent non-executive directors	–	–	–
Other emoluments to executive directors			
– salaries and other benefits	360	360	1,434
– bonus	–	–	–
– retirement benefits scheme contributions .	12	12	17
	<u>372</u>	<u>372</u>	<u>1,451</u>

Details of emoluments paid by the Group to the directors are as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Executive directors			
Mr. Yiu			
– salaries and allowances	360	360	360
– bonus	–	–	–
– retirement benefits scheme contributions .	12	12	12
	<u>372</u>	<u>372</u>	<u>372</u>

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Ms. Law			
– salaries and other benefits	–	–	–
– bonus	–	–	–
– retirement benefits scheme contributions	–	–	–
	–	–	–
Mr. Chau Kam Wing Donald			
– salaries and other benefits	–	–	464
– bonus	–	–	–
– retirement benefits scheme contributions	–	–	–
	–	–	464
Ms. Zhou Hui Elizabeth			
– salaries and other benefits	–	–	610
– bonus	–	–	–
– retirement benefits scheme contributions	–	–	5
	–	–	615
Non-Executive Directors			
Mr. Au Wai Ming			
– salaries and other benefits	–	–	–
– bonus	–	–	–
– retirement benefits scheme contributions	–	–	–
	–	–	–
Independent non-executive Directors			
Mr. Carson Wen			
– salaries and other benefits	–	–	–
– bonus	–	–	–
– retirement benefits scheme contributions	–	–	–
	–	–	–
Mr. Ma Weihua			
– salaries and other benefits	–	–	–
– bonus	–	–	–
– retirement benefits scheme contributions	–	–	–
	–	–	–

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Professor. Wong Lung Tak, Patrick			
– salaries and other benefits	–	–	–
– bonus	–	–	–
– retirement benefits scheme contributions	–	–	–
	–	–	–
Total	<u>372</u>	<u>372</u>	<u>1,451</u>

The five highest paid individuals included nil, nil and 1 director of the Company for the years ended 31 December 2008, 31 December 2009 and 31 December 2010 respectively, details of whose emoluments are included above. The emoluments of the remaining highest paid individuals during the Track Record Period were as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Employees			
– salaries and other benefits	3,003	2,714	1,916
– bonus	954	874	1,354
– retirement benefits scheme contributions	56	60	53
	4,013	3,648	3,323

The emoluments of the employees were within the following band:

	Number of employees		
	Year ended 31 December		
	2008	2009	2010
Below HK\$1,000,000.	5	4	3
HK\$1,000,001 to HK\$1,500,000	nil	1	1

During the Track Record Period, no emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during the Track Record Period.

13. TAXATION

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
The charge comprises:			
Hong Kong Profits Tax	5,751	11,714	11,098
PRC EIT	–	–	6,169
	5,751	11,714	17,267
Deferred taxation (<i>note 28</i>)	5,418	(5,418)	–
	11,169	6,296	17,267

(i) *Hong Kong Profits Tax*

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the Track Record Period.

(ii) *PRC EIT*

On 16 March 2007, the PRC promulgated the Law on Enterprise Income Tax (the “**New EIT Law**”) by Order No. 63 of the President of the PRC. On 6 December 2008, the State Council of the PRC issued Implementation Regulation of the EIT Law. Under the New EIT Law and Implementation Regulation, the statutory EIT rate of the group entities in the PRC has been reduced to 25% from 1 January 2008 onwards.

Notwithstanding the above, according to the approval granted by Dongguan State Administration of Taxation Office which under the old enterprise income tax system in the PRC, Winox WFOE is entitled to exemptions from the PRC EIT for two years commencing from its first profit-making year and thereafter entitled to a 50% relief from PRC EIT for the next three years (the “**Income Tax Holidays**”). According to Guofa [2007] No.39, the PRC enterprises which have started to enjoy the Income Tax Holidays before the effective date of the New EIT Law can continue to enjoy the remaining period of the Income Tax Holidays. For those PRC enterprises whose Income Tax Holidays has not yet started before the effective date of the New EIT Law, they are deemed to have started to enjoy them from 1 January 2008.

Tax charge for the Track Record Period is reconciled to profit before taxation as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Profit before taxation	72,668	58,464	108,246
Tax at the applicable income tax rate (16.5%)	11,990	9,647	17,861
Tax effect of expenses not deductible for tax purposes	820	1,136	1,218
Tax effect of income not taxable for tax purposes	(610)	-	-
Tax effect of tax losses not recognised .	-	-	245
Tax effect of tax exemptions for a subsidiary	(1,562)	(6,798)	-
Tax effect of tax concessions for a subsidiary	-	-	(6,169)
Effect of different tax rates of subsidiaries operating in other jurisdictions	531	2,311	4,112
Tax charge for the year	11,169	6,296	17,267

14. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Track Record Period is based on the combined profits for each reporting period during the Track Record Period and on the 375,000,000 shares in issue during these periods on the assumption that the Group Reorganisation and the capitalisation issue as disclosed in "Statutory and General Information" in Appendix VI to the Prospectus had been effective on 1 January 2008.

No dilutive earnings per share is presented as there were no potential dilutive shares during the Track Record Period.

15. DIVIDENDS

Except for certain subsidiaries of the Company distributed interim dividends totalling of HK\$34,800,000 in 2009 and HK\$29,320,000 in 2010 to their then shareholders prior to the Group Reorganisation, no dividend has been paid or declared by other companies comprising the Group during the Track Record Period or the Company since its incorporation.

The rates of dividend declared and the number of shares ranking for distribution are not presented as combined results are presented and such information is not meaningful having regard to the purpose of this report.

16. PROPERTY, PLANT AND EQUIPMENT

	Building	Plant and machinery	Furniture, fixtures and equipment	Leasehold improvements	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST							
At 1 January 2008	38,633	104,552	19,889	15,137	2,377	1,391	181,979
Currency realignment	131	1,189	63	–	28	617	2,028
Additions	–	5,880	1,555	93	346	796	8,670
Disposals	–	(22,925)	(2,669)	(12,432)	(1,419)	–	(39,445)
Deemed disposals to owners of the Company (iii)	–	–	–	–	(404)	–	(404)
At 31 December 2008	38,764	88,696	18,838	2,798	928	2,804	152,828
Additions	–	5,234	593	–	335	3,942	10,104
Disposals	–	(1,960)	–	–	–	–	(1,960)
At 31 December 2009	38,764	91,970	19,431	2,798	1,263	6,746	160,972
Currency realignment	1,220	1,566	172	–	41	969	3,968
Additions	–	22,726	3,399	8	535	6,760	33,428
Transfer	10,770	1,574	–	–	–	(12,344)	–
Disposals	–	–	(47)	–	–	–	(47)
At 31 December 2010	50,754	117,836	22,955	2,806	1,839	2,131	198,321
DEPRECIATION							
At 1 January 2008	4,893	81,245	14,454	13,199	868	–	114,659
Currency realignment	390	97	11	–	3	–	501
Provided for the year	1,233	6,832	3,409	266	259	–	11,999
Eliminated on disposals	–	(22,780)	(2,286)	(10,741)	(568)	–	(36,375)
Deemed disposals to owners of the Company (iii)	–	–	–	–	(242)	–	(242)
At 31 December 2008	6,516	65,394	15,588	2,724	320	–	90,542
Provided for the year	1,248	3,903	1,324	19	153	–	6,647
Eliminated on disposals	–	(563)	–	–	–	–	(563)
At 31 December 2009	7,764	68,734	16,912	2,743	473	–	96,626
Currency realignment	328	248	35	–	9	–	620
Provided for the year	1,469	4,277	556	19	194	–	6,515
Eliminated on disposals	–	–	(20)	–	–	–	(20)
At 31 December 2010	9,561	73,259	17,483	2,762	676	–	103,741
NET BOOK VALUES							
At 31 December 2008	32,248	23,302	3,250	74	608	2,804	62,286
At 31 December 2009	31,000	23,236	2,519	55	790	6,746	64,346
At 31 December 2010	41,193	44,577	5,472	44	1,163	2,131	94,580

- (i) At 31 December 2008, 31 December 2009 and 31 December 2010, the Group has pledged of its buildings situated in PRC with an aggregate carrying value of about HK\$32,248,000, HK\$31,000,000 and HK\$41,193,000 respectively to a bank to secure the credit facilities granted to the Group.

- (ii) At 31 December 2008, 31 December 2009 and 31 December 2010, the carrying value of motor vehicles includes an amount of HK\$321,000, HK\$214,000 and HK\$107,000, respectively in respect of assets held under a finance lease.
- (iii) As at 31 December 2008, motor vehicles with an aggregate carrying value of HK\$162,000 was retained by the Predecessor Entity and had been reflected as deemed appropriations to the owners of the Company.

At 31 December 2010, the Group is in the process of obtaining the relevant property ownership certificates with respect to certain buildings situated in PRC with carrying values of HK\$15,484,000.

Depreciation is provided to write off the cost of other property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight line method, at the following rates per annum:

Buildings	3.33%
Plant and machinery	10% - 25%
Furniture, fixtures and equipment	20%
Leasehold improvements	20%
Motor vehicles	20%

17. PREPAID LEASE PAYMENTS

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Carrying amount			
At 1 January	6,797	7,168	7,018
Currency realignment	520	-	261
Charged to profit or loss during the year . .	(149)	(150)	(153)
	<u>7,168</u>	<u>7,018</u>	<u>7,126</u>
At 31 December	<u>7,168</u>	<u>7,018</u>	<u>7,126</u>
Comprising land use rights held under medium-term leases situated in PRC	<u>7,168</u>	<u>7,018</u>	<u>7,126</u>
Analysed for reporting purposes as:			
Current assets (included in trade and other receivables)	151	151	156
Non-current assets	<u>7,017</u>	<u>6,867</u>	<u>6,970</u>
	<u>7,168</u>	<u>7,018</u>	<u>7,126</u>

At 31 December 2008, 31 December 2009 and 31 December 2010, the Group has pledged its land use rights situated in PRC to a bank to secure the credit facilities granted to the Group.

18. DEPOSIT AND PREPAYMENTS FOR A LIFE INSURANCE POLICY

In September 2010, Winox Enterprise entered into a life insurance policy (the "Policy") with an insurance company to insure a director of the Company, Mr. Yiu. Under the Policy, the beneficiary and policy holder is Winox Enterprise and the total insured sum is US\$4,000,000 (equivalent to HK\$31,000,000).

The principal terms of the Policy are as follow:

- (i) The Group is required to pay an upfront payment of US\$744,000 (equivalent to HK\$5,766,000) (the "Upfront Payment") and a single premium charge (the "Prepaid Premium") at inception of the policy amounting to US\$56,000 (equivalent to HK\$434,000).
- (ii) The Group can terminate the policy at any time based on the net carrying value of the policy at the date of withdrawal, which is determined by the Upfront Payment, plus accumulated interest earned and minus the accumulated monthly policy expense charges (the "Policy Expense Charges").
- (iii) If withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge (the "Surrender Charge").
- (iv) The insurance company will pay the Group a guaranteed interest rate of 5% per annum on the outstanding net carrying value of the policy for the first insurance year. Commencing on the second insurance year, the guaranteed interest rate will become 3% per annum.

The directors of the Company expected that the Policy will be terminated at 7th policy year in 2017 (the "Withdrawal Date") and the surrender charge at the Withdrawal Date will be US\$97,560 (equivalent to HK\$756,000). The financial impact of the option to terminate the policy was considered as insignificant.

At initial recognition, the balance was splited into three components:

- (i) An interest-bearing deposit (the "Deposit") amounting to US\$398,000 (equivalent to HK\$3,081,000) which based on the Upfront Payment less the prepayment of the accumulated Policy Expense Charges and the Surrender Charge at the Withdrawal Date (the "Prepaid Charges").
- (ii) The Prepaid Charges amounted to US\$346,000 (equivalent to HK\$2,685,000).
- (iii) The Prepaid Premium at inception of the policy amounted to US\$56,000 (equivalent to HK\$434,000).

The Deposit is carried at amortised cost with an effective interest rate of 5.00% per annum which based on the discounted future cash receipts through the expected life of the Policy. While the Premium Charges and the Prepaid Premium will be amortised to profit or loss through the expected life of the Policy.

The carrying values of the components at the end of the reporting period are set out below:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Deposit	-	-	3,120
Prepaid Charges – non-current portion	-	-	2,205
Prepaid Premium – non-current portion	-	-	357
	<u>-</u>	<u>-</u>	<u>5,682</u>

During the year ended 31 December 2010, an imputed interest income of HK\$39,000 and an amortisation of the prepaid insurance expenses (included the Prepaid Charges and Prepaid Premium) of HK\$111,000 were recognised in the profit or loss.

As at 31 December 2010, the current portion of the Prepaid Charges amounting to HK\$384,000 and the Prepaid Premium amounting to HK\$62,000 were classified as current assets which were included in trade and other receivables.

As at 31 December 2010, the deposit and prepayment for a life insurance policy was pledged to a bank to secure general banking facilities granted to the Group.

The deposit and prepayment for a life insurance policy is denominated in US\$, a currency other than the functional currency of Winox Enterprise.

19. INVENTORIES

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Raw materials	16,720	8,584	9,563
Work in progress	18,413	13,544	30,647
Finished goods	11,187	3,305	423
	<u>46,320</u>	<u>25,433</u>	<u>40,633</u>

20. TRADE AND OTHER RECEIVABLES

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	32,230	41,046	89,667
Prepayments and deposits	334	340	3,324
Prepaid lease payments charged within one year	151	151	156
Other tax recoverables	452	-	2,846
Others	330	243	1,615
	<u>33,497</u>	<u>41,780</u>	<u>97,608</u>

Payment terms with customers are mainly on credit. Invoices are normally payable 30 to 90 days by the customers from date of issuance. The following is an aged analysis of trade receivables at the end of each reporting period based on the invoice date:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	14,182	23,456	46,182
31 to 60 days	6,993	6,577	42,866
61 to 90 days	9,014	5,094	446
Over 90 days	2,041	5,919	173
	<u>32,230</u>	<u>41,046</u>	<u>89,667</u>

In determining the recoverability of the trade receivables, the Group monitors change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. The directors considered that the trade receivables which are neither past due nor impaired to be of a good credit quality.

At 31 December 2008, 31 December 2009 and 31 December 2010, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of HK\$12,784,000, HK\$15,593,000 and HK\$41,839,000 respectively which are past due at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired is as follows:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Within 60 days	12,259	9,673	41,666
61 to 90 days	–	4,248	–
Over 90 days	525	1,672	173
	<u>12,784</u>	<u>15,593</u>	<u>41,839</u>

The directors of the Company anticipate a full recover of these amounts. The credit risk on the trade receivables has been further discussed in note 6.

Included in trade and other receivables are the following amounts denominated in currencies other than functional currency of the relevant group entities:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
US\$	8,118	11,438	11,069
	<u>8,118</u>	<u>11,438</u>	<u>11,069</u>

21. AMOUNT DUE FROM A SHAREHOLDER

The amount due from a shareholder of the Company, Winholme Holdings Limited, was unsecured, interest-free and repayable on demand which was fully settled in 2010. The maximum amount outstanding for each of the three years ended 31 December 2010 was HK\$nil, HK\$241,000 and HK\$241,000 respectively.

22. AMOUNTS DUE FROM (TO) RELATED PARTIES

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
(i) Details of amounts due from related parties are as follows:			
a) Outstanding amounts at the end of the reporting period			
博羅明豐置業有限公司 (<i>Note i</i>)	5,673	–	–
Max Long Development Limited (<i>Note i</i>)	–	1,701	–
Ming Fung International Company Limited (<i>Note ii</i>)	–	10,000	–
Ming Fung Real Estates Company Limited (<i>Note i</i>)	–	15,000	–
Ming Fung Investment Holdings Limited (formerly known as Harvest Ever (China) Limited) (<i>Note i</i>)	–	–	538
	<u>5,673</u>	<u>26,701</u>	<u>538</u>
b) Maximum outstanding amounts during the year			
博羅明豐置業有限公司 (<i>Note i</i>)	5,673	5,673	–
Max Long Development Limited (<i>Note i</i>)	–	1,701	1,701
Ming Fung International Company Limited (<i>Note ii</i>)	–	10,000	10,000
Ming Fung Real Estates Company Limited (<i>Note i</i>)	–	15,000	15,000
Ming Fung Investment Holdings Limited (formerly known as Harvest Ever (China) Limited) (<i>Note i</i>)	–	–	538
	<u>5,673</u>	<u>32,374</u>	<u>27,239</u>
(ii) Details of amounts due to related parties are as follows:			
The Predecessor Entity (<i>Note iii</i>)	27,335	–	–
Ming Fung Holdings (Hong Kong) Limited (<i>Note iv</i>)	1,829	80	–
	<u>29,164</u>	<u>80</u>	<u>–</u>

Notes:

- i. The companies are controlled by Mr. Yiu, a director of the Company.
- ii. The company is controlled by Mr. Mak Kin Man, one of the controlling parties of the Group.
- iii. Save as disclosed in note 1, the amount of HK\$27,335,000 due to the Predecessor Entity was included in the outstanding balance at 31 December 2008 and settled by the Group in 2009.
- iv. The company is being ultimate holding company of the Company after the Group Reorganisation.

All amounts due from (to) related parties are unsecured, interest-free and repayable on demand.

23. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

The bank deposits and pledged bank deposits carry interest at the prevailing market rate of about 0.01% to 0.75%, 0.01% to 0.36% and 0.01% to 0.36% per annum for the years ended 31 December 2008, 2009 and 2010 respectively.

Pledged bank deposits amounting to HK\$499,000, HK\$124,000 and HK\$nil at 31 December 2008, 2009 and 2010 respectively represent deposits pledged to banks to secure import and export of production materials and therefore classified as current assets.

Included in bank balances and cash are the following amounts denominated in currencies other than the functional currency of the relevant group entities.

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
HK\$	–	814	13,304
US\$	18,232	11,746	9,387
	<u>18,232</u>	<u>11,746</u>	<u>9,387</u>

24. TRADE AND OTHER PAYABLES

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Trade payables	18,802	12,261	27,116
Payroll and welfare payables	8,451	11,654	16,807
Receipts in advances	1,780	3	4
Commission and other payables to intermediary agents	4,430	8,742	8,338
Payables for acquisition of property, plant and equipment	–	1,355	2,651
Other tax payables	–	462	–
Others	330	848	1,203
	<u>33,793</u>	<u>35,325</u>	<u>56,119</u>

The Group normally receives credit terms of 30 to 90 days from its suppliers. The following is an aged analysis of trade payables at the end of each reporting period based on invoice date:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	4,643	4,911	9,177
31 to 60 days	4,295	4,090	10,112
61 to 90 days	3,595	1,560	4,133
Over 90 days	6,269	1,700	3,694
	<u>18,802</u>	<u>12,261</u>	<u>27,116</u>

Included in trade and other payables are the following amounts denominated in currencies other than functional currency of the relevant group entities:

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
US\$	2,452	771	793
CHF	6,079	5,540	54
	<u> </u>	<u> </u>	<u> </u>

25. AMOUNT DUE TO A DIRECTOR

The amount due to a director of the Company, Mr. Yiu, was unsecured, interest-free and repayable on demand which was fully settled in 2010.

26. BANK BORROWINGS

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Bank borrowings	36,437	69,052	139,474
	<u> </u>	<u> </u>	<u> </u>
Secured	22,687	39,702	119,174
Unsecured	13,750	29,350	20,300
	<u> </u>	<u> </u>	<u> </u>
	36,437	69,052	139,474
	<u> </u>	<u> </u>	<u> </u>
Portion of bank borrowings due for repayment within one year	27,687	50,902	69,739
Portion of bank borrowings due for repayment after one year which contain a repayment on demand clause	8,750	18,150	69,735
	<u> </u>	<u> </u>	<u> </u>
	36,437	69,052	139,474
	<u> </u>	<u> </u>	<u> </u>

Carrying amount repayable based on repayment schedule:

Within one year	27,687	50,902	69,739
More than one year, but not exceeding two years	5,000	3,750	24,785
More than two years but not more than five years	3,750	14,400	44,950
	<u> </u>	<u> </u>	<u> </u>
	36,437	69,052	139,474
	<u> </u>	<u> </u>	<u> </u>

The bank borrowings carry variable interests at Hong Kong dollars prime rate less 1.75% to plus 1.00%, 1.00% to 2.75% over 1-month HIBOR, and 2.75% over The People's Bank of China Standard Loan Interest Rate.

At 31 December 2008, 31 December, 2009 and 31 December 2010, the range of effective interest rates on the variable rate bank borrowing are 2.13% to 7.60%, 2.13% to 7.30% and 1.15% to 7.80% per annum respectively.

At 31 December 2008, 31 December 2009 and 31 December 2010, the Group has unutilised banking facilities amounting to HK\$2,000,000, HK\$9,600,000 and HK\$2,000,000 respectively.

The banking facilities were guaranteed by an unlimited personal guarantee from a director of the Company, Mr. Yiu for each of the three years ended 31 December 2010. In addition, certain banking facilities were secured by a piece of leasehold land located in PRC which owned by 博羅明豐置業有限公司, a company which controlled by Mr. Yiu, during the Track Record Period till March 2010.

27. OBLIGATION UNDER A FINANCE LEASE

	At 31 December					
	Minimum lease payments			Present value of minimum lease payments		
	2008	2009	2010	2008	2009	2010
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Amounts payable under a finance lease						
– within one year	157	157	65	134	134	56
– between one to two years	157	65	–	134	56	–
– between two to five years	65	–	–	56	–	–
	379	222	65	324	190	56
Less: Future finance charges	55	32	9	N/A	N/A	N/A
Present value of lease obligations	<u>324</u>	<u>190</u>	<u>56</u>	324	190	56
Less: Amounts due within one year shown under current liabilities				(134)	(134)	(56)
Amounts due after one year				<u>190</u>	<u>56</u>	<u>–</u>

The finance lease is for the purchase of a motor vehicle under hire purchase arrangement. The lease is carrying at a fixed interest rate at 4.25% per annum.

28. DEFERRED TAXATION

The following is the deferred taxation recognised and movements thereon during the Relevant Periods:

	Unrealised profits on inventories
	HK\$'000
At 1 January 2008	–
Charged to profit or loss during the year	<u>5,418</u>
At 31 December 2008	5,418
Charged to profit or loss during the year	<u>(5,418)</u>
At 31 December 2009 and 31 December 2010	<u>–</u>

At 31 December 2008, 31 December 2009 and 31 December 2010, the Group had unused tax losses of about HK\$nil, HK\$nil and HK\$980,000 respectively available to offset against future profits.

No deferred tax assets has been recognised in respect of these losses due to the unpredictability of future profit streams. These unrecognised tax losses will expire in 2015.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC Subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the Financial Information in respect of temporary differences attributable to accumulated distributable profits of a PRC subsidiary, Winox WFOE amounting to HK\$48,000, HK\$1,408,000 and HK\$3,567,000 at 31 December 2008, 2009 and 2010 respectively, as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. SHARE CAPITAL

The Company was incorporated and registered as an exempted company in the Cayman Islands on 28 January 2010 with an authorised share capital of US\$50,000 divided into 50,000 shares of a nominal or par value of US\$1 each. Upon incorporation of the Company, one share of US\$1 (equivalent to HK\$8) was issued and fully paid.

The share capital of the Group at 1 January 2008 represented the issued share capital of Glorify Land and 96% of the issued share capital of the Predecessor Entity.

The share capital of the Group at 31 December 2008 represented the issued share capital of Glorify Land.

The share capital of the Group at 31 December 2009 represented the issued share capital of Feng Cai and Glorify Land.

The share capital of the Group at 31 December 2010 represented the issued share capital of the Company, Feng Cai, Glorify Land and Winox BVI.

30. CONTINGENT LIABILITIES

In 2008, Winox Enterprise issued an unlimited financial guarantee to a bank in respect of banking facilities granted to the Predecessor Entity. At 31 December 2008, the Predecessor Entity had outstanding bank borrowings of HK\$4,146,000 which were guaranteed entirely by Winox Enterprise. Such financial guarantee was released during the year ended 31 December 2009.

31. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Rented premises		
	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Within one year	–	402	2,404
In the second to fifth year inclusive	–	–	5,211
After five years	–	–	6,393
	–	402	14,008
	<u>–</u>	<u>402</u>	<u>14,008</u>

Leases are negotiated and rentals are fixed originally for lease terms of 1 year to 50 years.

32. CAPITAL COMMITMENTS

	At 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
Capital expenditures contracted for but not provided in the financial statements in respect of the:			
acquisition of property, plant and equipment	9,903	2,770	6,517
acquisition of land use right	-	-	2,708
	<u>9,903</u>	<u>2,770</u>	<u>9,225</u>

33. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees but subject to a maximum amount of HK\$ 1,000 per month for each employee.

The employees of the Group's subsidiaries in Mainland China are members of a state-managed retirement benefit plan operated by the government of Mainland China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

34. RELATED PARTIES TRANSACTIONS

- (i) In addition to the transactions and balances disclosed elsewhere in the Financial Information, the Group had entered into the following related party transactions during the Track Record Period:

	Year ended 31 December		
	2008	2009	2010
	HK\$'000	HK\$'000	HK\$'000
<u>Continuing related party transactions:</u>			
Management fee income received from Ming Fung Investment Holdings Limited (formerly known as Harvest Ever (China) Limited), a company controlled by Mr. Yiu, a director of the Company	-	-	345
Rental expense fee paid to Mr. Yiu, a director of the Company	-	402	402
Transportation service fee paid to Hong Kong Tong Fat Transportation Limited, a company controlled by a close family member of Mr. Yiu, a director of the Company	346	289	262
<u>Discontinued related party transactions:</u>			
Share of administrative expenses paid to Ming Fung Investment Holdings Limited (formerly known as Harvest Ever (China) Limited), a company controlled by Mr. Yiu, a director of the Company	1,071	1,086	1,181

- (ii) Remuneration paid for key management personnel include solely the directors of the Company as disclosed in note 12.

The remuneration of directors and key executives is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

- (iii) Save as disclosed in note 26, Mr. Yiu and 博羅明豐置業有限公司, a company controlled by Mr. Yiu, provided certain guarantee in favour of the Group as securities to a bank for the bank borrowings of the Group during the Track Record Period.
- (iv) Save as disclosed in note 30, Winox Enterprise provided an unlimited financial guarantee in favor of the Predecessor Entity as securities to a bank for the bank borrowings of the Predecessor Entity for the year ended 31 December 2008 and 31 December 2009.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	At 31 December 2010
	HK\$'000
Current assets	
Prepayments	57
Amounts due from fellow subsidiaries	20
Bank balances and cash	10
	<u>87</u>
Current liabilities	
Amounts due to fellow subsidiaries	5,417
Net Liabilities	<u>(5,330)</u>
Capital and reserve	
Share capital (<i>Note</i>)	–
Deficit	<u>(5,330)</u>
Total equity	<u><u>(5,330)</u></u>

Note:

	Number of shares	Amount US\$'000
Ordinary shares of US\$1 each		
Authorised	50,000	50
Issued and fully paid		
On 28 January 2010 (date of incorporation) and 31 December 2010	<u>1</u>	<u>–</u>
		HK\$'000
Shown in the statement of financial position of the Company at 31 December 2010		<u><u>–</u></u>

F. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate holding company is Ming Fung Investment Limited, a company which is incorporated in the British Virgin Islands. The ultimate holding company of the Company is Ming Fung Holdings (Hong Kong) Limited, a company which is incorporated in the British Virgin Islands.

G. SUBSEQUENT EVENTS

The following events took place subsequent to 31 December 2010:

- (i) In January 2011, Glorify Land declared and paid an interim dividend of HK\$8,800,000 for the year ended 31 December 2011 to its then shareholders.
- (ii) In March 2011, due to change in business intention, the Group entered into an equity transfer agreement to dispose of a wholly-owned subsidiary, 盈新豐貴金屬製造(惠州)有限公司 ("Yingxinfeng WFOE"), which was established in PRC on 9 December 2010, for a total consideration of HK\$10 to a related company controlled by Mr. Yiu, a director of the Company. As at 31 December 2010 and the date of disposal, Yingxinfeng WFOE had not commenced business and no capital fund was injected by the Group.
- (iii) In preparing for the initial listing of the shares of the Company, the companies now comprising the Group underwent the Group Reorganisation to rationalise the group structure. As a result of the Group Reorganisation, the Company became the holding company of the Group on 11 March 2011.
- (iv) The terms of certain bank borrowings of the Group which contain a repayment on demand clause of HK\$43,793,000 included under current liabilities as at 31 December 2010 are revised and amended to repayment on demand at any time after 31 March 2013 at discretion of the bank with effect from May 2011.

H. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies of the Group subsequent to 31 December 2010.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the accountants' report prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only.

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on (i) how the Share Offer might have affected the net tangible assets of the Group after the completion of the Share Offer; and (ii) how the Share Offer might have affected the unaudited forecast earnings per share of the Group on a pro forma basis for the year ending 31 December 2011.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Group prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 31 December 2010. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Share Offer been completed as of 31 December 2010 or any future dates.

	Audited combined net tangible assets of the Group attributable to owners of the Company as of 31 December 2010	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company	Unaudited pro forma adjusted net tangible assets per Share
	HK\$'000 <i>(Note 1)</i>	HK\$'000 <i>(Note 2)</i>	HK\$'000	HK\$ <i>(Note 3)</i>
Based on an Offer Price of HK\$1.87 per Share . . .	135,960	205,690	341,650	0.68
Based on an Offer Price of HK\$2.86 per Share . . .	135,960	325,727	461,687	0.92

Notes:

- (1) The audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2010 is extracted from the accountants' report set out in Appendix I to this prospectus.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$1.87 and HK\$2.86 per Share respectively, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Share which may be issued upon the exercise of Over-allotment Option or options that may be granted under the Share Option Scheme.

- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 500,000,000 Shares in issue immediately following the completion of the Share Offer but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to under the section headed "Further information about our Company and its subsidiaries – Written resolutions of the shareholders of our Company" in Appendix VI to this prospectus.

- (4) The property interests were valued by DTZ Debenham Tie Leung Limited ("DTZ") and the valuation in respect of which was set out in Appendix IV to this prospectus. As set out in the valuation report of DTZ in Appendix IV to this prospectus, DTZ has assigned no commercial value to eight buildings in the Dalang Factory since they have not been issued with Certificate of Real Estate Ownership. As mentioned in the valuation report, on the assumption that the Certificate of Real Estate Ownership will be issued in due course, the market value in existing state of the said eight buildings as at 30 April 2011 would be RMB13,706,000. On the above basis, pursuant to the valuation performed by DTZ, the property interest as at 30 April 2011 (inclusive of the said eight buildings) amounted to about HK\$81,318,000. Comparing the valuation amount as at 30 April 2011 to the unaudited net carrying value of the property interests as at 30 April 2011 of HK\$54,752,000, there was a surplus of about HK\$26,566,000. If such revaluation surplus was incorporated in the Group's financial statements for the year ending 31 December 2011, additional annual amortisation and depreciation of HK\$762,000 would be charged. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending 31 December 2011.

- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered subsequent to 31 December 2010.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following is an illustrative and unaudited pro forma forecast earnings per Share prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer as if it had been taken place on 1 January 2011. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of financial results of the Group for the year ending 31 December 2011 or any future period.

Forecast consolidated profit attributable to owners of the Company for the year ending 31 December 2011 ^(Note 1)	not less than HK\$110 million
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Unaudited forecast earnings per Share on a pro forma basis for the year ending 31 December 2011 ^(Note 2)	not less than HK\$0.22
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Notes:

- (1) The basis and assumptions on which the forecast consolidated profit attributable to owners of the Company for the year ending 31 December 2011 have been prepared are summarised in Appendix III to this prospectus.

- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to owners of the Company for the year ending 31 December 2011, assuming that the Share Offer was completed on 1 January 2011 and a total of 500,000,000 Shares had been issued and outstanding during the entire year. This calculation assumes that no options are granted under the Share Option Scheme and no exercise of Over-allotment Option.

**C. REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO
FORMA FINANCIAL INFORMATION**

Set out below is the text of report received from the reporting accountants of the Group, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information for the purpose of incorporation into this prospectus.



**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION TO THE DIRECTORS OF WINOX HOLDINGS LIMITED**

We report on the unaudited pro forma financial information of Winox Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed placing and public offer of 125,000,000 shares of HK\$0.1 each of the Company might have affected the financial information presented, for inclusion in Appendix II of the prospectus dated 30 June 2011 (the "Prospectus"). The basis of preparation of the unaudited pro forma financial information is set out on pages II-1 to II-2 to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Charter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of:

- the financial position of the Group as at 31 December 2010 or any future date.
- the earnings per share of the Group for the year ending 31 December 2011 or any future period.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2011

The forecast of the consolidated profit attributable to owners of our Company for the year ending 31 December 2011 is set out in the subsection headed "Profit forecast" under the section headed "Financial information" in this prospectus:

A. BASIS AND ASSUMPTIONS

The forecast of the consolidated profit attributable to owner of the Company for the year ending 31 December 2011 prepared by the Directors is based on the unaudited management accounts of the Group for the four months ended 30 April 2011 and a forecast of the consolidated results of the Group for the eight months ending 31 December 2011. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Group as summarised in the accountants' report, the text of which is set out in Appendix I to this prospectus, and has been prepared on the following principal basis and assumptions:

- There will be no material changes in the existing political, legal, fiscal, market or economic conditions in the jurisdiction in which the Group currently operates or which are otherwise material to the Group's business;
- There will be no changes in legislation, regulations or rules in the jurisdiction in which the Group operates or with which the Group has arrangements or agreements, which may materially and adversely affect the Group's business or operations;
- There will be no material changes in inflation rates, interest rates or foreign exchange rates from those currently prevailing in the context of the Group's operations;
- The Group's operations will not be materially and adversely affected by any of the risk factors set out in the section headed "Risk factors" in this prospectus; and
- There will be no material changes in the bases or applicable rates of taxation, surcharges or other government levies in the jurisdiction in which the Group operates; there will be no wars, military, incidents, pandemic diseases, natural disasters, or force majeure event, unforeseeable factors or unforeseeable reasons that are beyond the control of the Directors, that would have a material impact on the Group's business and operating activities.

B. LETTERS

Set out below are texts of letters received by the Directors from Deloitte Touche Tohmatsu and Haitong Int'l Capital in connection with the forecast of the consolidated profit attributable to owners of our Company for the year ending 31 December 2011 and prepared for the purpose of inclusion in this prospectus:

(i) Letter from Deloitte Touche Tohmatsu

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

30 June 2011

The Directors
Winox Holdings Limited
Haitong International Capital Limited

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit of Winox Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2011 attributable to owners of the Company (the "Forecast"), for which the directors of the Company are solely responsible, as set out in the prospectus dated 30 June 2011 issued by the Company (the "Prospectus"). The Forecast is prepared based on the consolidated results shown in the unaudited management accounts of the Group for the four months ended 30 April 2011, and a forecast of the consolidated results of the Group for the remaining eight months of the financial year ending 31 December 2011.

In our opinion, the Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in note 3 of Section E of Appendix I to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report on the financial information of the Group for the three years ended 31 December 2010 as set out in Appendix I to the Prospectus.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(ii) Letter from Haitong Int'l Capital



Haitong International Capital Limited
25th Floor, New World Tower
16-18 Queen's Road Central
Hong Kong

30 June 2011

The Directors
Winox Holdings Limited

Dear Sirs,

We refer to the forecast of the consolidated profit of Winox Holdings Limited (the "Company") and its subsidiaries (together the "Group") attributable to owners of the Company for the year ending 31 December 2011 (the "Profit Forecast") as set out in the sub-section headed "Profit forecast" in the section headed "Financial information" in the prospectus of the Company dated 30 June 2011 (the "Prospectus").

The Profit Forecast, for which the directors of the Company (the "Directors") are solely responsible, has been prepared by them based on the unaudited consolidated results as shown in the unaudited management accounts of the Group for the four months ended 30 April 2011 and a forecast of the consolidated results of the Group for the eight months ending 31 December 2011.

We have discussed with the Directors the bases and assumptions made by the Directors, as set out in part A of Appendix III to the Prospectus, upon which the Profit Forecast has been made. We have also considered the letter dated 30 June 2011 addressed to you and us from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by the Directors and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Profit Forecast, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
HAITONG INTERNATIONAL CAPITAL LIMITED
Derek C.O. Chan
Managing Director

The following is the text of the letter, summary of valuations and valuation certificates received from DTZ Debenham Tie Leung Limited in connection with its opinion of market values of the properties held in the PRC as at 30 April 2011 prepared for the purpose of incorporation in this prospectus.



16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

30 June 2011

The Directors
Winox Holdings Limited
18th Floor
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong

Dear Sirs,

Instructions, Purpose & Date of Valuation

In accordance with your instructions for us to value the properties (the “**Properties**”) which are held by Winox Holdings Limited (the “**Company**”) or its subsidiaries (hereinafter together referred to as the “**Group**”) in Hong Kong and the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market values of the Properties as at 30 April 2011 (the “**date of valuation**”).

Definition of Market Value

Our valuation of each of the Properties represents its market value which in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basic and Assumption

Our valuations of each of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuations of the Properties situated in the PRC, we have assumed that transferable land use rights in respect of the Properties for their respective specific term at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group and the opinion of the Company's PRC legal adviser, King & Wood, regarding the titles to the Properties and the interests in the Properties. In valuing the Properties, we have assumed that the owners have enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of onerous nature which could affect their values.

We have valued the whole interest in the Properties.

Method of Valuation

The Properties in Group I are held for owner-occupation by the Group in the PRC. We have valued Property 1 with the Depreciated Replacement Costs ("DRC") Approach. The DRC Approach requires a valuation of the market value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures, from which deductions are made to allow for the age, condition and functional obsolescence. The DRC is subject to adequate potential profitability of the business.

In valuing Property 2, we have adopted the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market.

The Properties in Group II and Group III, which are leased/contracted for operation by the Group in the PRC and Hong Kong respectively, are considered to have no commercial value due mainly to the prohibition against assignment and subletting or otherwise due to the lack of substantial profit rents.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Source of Information

We have relied to a very considerable extent on the information given by the Group and the opinion of the Group's PRC legal adviser as to the PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupancy, construction cost, development scheme, tenancy details, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by Group which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Group with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Site Inspection

We have inspected the exterior, and where possible, the interior of the Properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out any investigations to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no unexpected expenses or delays will be incurred during the construction period.

We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuations are respectively in Renminbi, the official currency of the PRC, and in Hong Kong Dollars, the official currency in Hong Kong.

We attach herewith a summary of valuations and our valuation certificates.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Philip C Y Tsang
Registered Professional Surveyor
Registered China Real Estate Appraiser
Msc, MRICS, MHKIS
Director

Note: Mr. Philip C Y Tsang is a Registered Professional Surveyor who has over 20 years' experience in the valuation of properties in Hong Kong and the PRC.

Contributing PRC valuers of DTZ Shenzhen Office with professional qualifications include, but not limited to, China Real Estate Appraiser and China Land Valuer.

SUMMARY OF VALUATIONS

<u>Property</u>	<u>Market Value in existing state as at 30 April 2011</u>	<u>Attributable interest to the Group</u>	<u>Market Value in existing state as at 30 April 2011 attributable to the Group</u>
Group I – Properties held by the Group for owner-occupation in the PRC			
1. Dalang Factory 1 Lianyung Road Xinmalian Village Dalang Town Dongguan Guangdong Province the PRC	RMB49,214,000 (Excludes the market value of the 8 buildings of the Property that are not issued with Certificate of Real Estate Ownership. Please see Note below.)	100%	RMB49,214,000
<i>Note:</i> Portion of the Property (8 buildings) have not been issued with Certificate of Real Estate Ownership. Applications for issuance of Planning Permits for Construction Works, Permits for Commencement of Construction Works and Certificates of Real Estate Ownership for 3 of the 8 buildings are being processed. As advised by the Group, the remaining 5 buildings will not be issued with Certificate of Real Estate Ownership. Since the title certificates of the portion of the Property have not been issued, we have assigned no commercial value to it. However, on the assumption that the Certificate of Real Estate Ownership will be issued in due course, the Market Value in existing state of the said 8 buildings as at 30 April 2011 would be RMB13,706,000.			
2. Room Nos. 2501, 2502, 2901 2902, 3001 and 3002 Block B, Type B1, Ming Fung Dongjiang Garden (Ming Fung – Dongjiangfu) Liaozai Village Yuanzhou Town Boluo County Huizhou Guangdong Province the PRC	RMB6,200,000	100%	RMB6,200,000
Grand Total:			<u><u>RMB55,414,000</u></u>

<u>Property</u>	Market Value in existing State as at 30 April 2011 attributable to the Group
Group II – Properties leased /contracted for operation by the Group in the PRC	
3. Huzhen Factory Huzhen Town Boluo County Huizhou Guangdong Province The PRC	No Commercial value
4. Dongfengcun Factory Dongfeng Village Huzhen Town Boluo County Huizhou Guangdong Province The PRC	No Commercial value
Group III – Properties leased by the Group in Hong Kong	
5. 18th Floor Guangdong Investment Tower 148 Connaught Road Central Hong Kong	No commercial value
6. Room 2B, 2C and 3, 1st Floor Sunray Industrial Centre 610 Cha Kwo Ling Road Yau Tong Kowloon Hong Kong	No Commercial value

VALUATION CERTIFICATE

Group I – Properties held by the Group for owner-occupation in the PRC

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 30 April 2011</u>
1. Dalang Factory 1 Lianying Road Xinmalian Village Dalang Town Dongguan Guangdong Province the PRC	<p>The Property, Dalang Factory, is an industrial development which comprises 15 buildings erected on a parcel of land with a site area of about 59,009.14 sq m.</p> <p>7 buildings of the Property, which have a total gross floor area of about 32,216.87 sq m, are issued with Real Estate Certificates.</p> <p>8 buildings of the Property, which have a total gross floor area of about 14,163.30 sq m, are not issued with Real Estate Certificates.</p> <p>The land use rights of the Property have been granted for a term of 50 years due to expire on 13 January 2053 for industrial use.</p>	The Property is currently occupied by the Group for industrial use.	<p>RMB49,214,000</p> <p>(Excludes the market value of the 8 buildings of the Property that are not issued with Certificate of Real Estate Ownership.</p> <p>Please see Note 1 below.)</p>

Notes:

- (1) According to the information of the Group, the details of the 8 buildings without Certificate of Real Estate Ownership are as below:-

<u>Use</u>	<u>Number of Storey</u>	<u>Gross Floor Area (sq m)</u>
Workshop C	2	4,490.00*
Workshop D2	4	5,748.30*
Workshop K1	1	794.00
Guard Room L	2	490.00*
Training Building M	3	725.00
Warehouse P	1	1,156.00
Workshop N	1	230.00
Workshop S	1	530.00
	Total	14,163.30

* Applications for issuance of Planning Permits for Construction Works, Permits for Commencement of Construction Works and Certificates of Real Estate Ownership for the said 3 buildings (Workshop C, Workshop D2 and Guard Room L) with a total gross floor area of 10,728.30 sq m are being processed by Winox Watch Manufactory (Dongguan) Limited (盈利時錶業(東莞)有限公司).

Portion of the Property (8 buildings) have not been issued with Certificate of Real Estate Ownership. Applications for issuance of Planning Permits for Construction Works, Permits for Commencement of Construction Works and Certificates of Real Estate Ownership for 3 of the 8 buildings are being processed. As advised by the Group, the remaining 5 buildings will not be issued with Certificate of Real Estate Ownership. Since the title certificates of the portion of the Property have not been issued, we have assigned no commercial value to it. However, on the assumption that the Certificates of Real Estate Ownership will be issued in due course, the Market Value in existing state of the said 8 buildings as at 30 April 2011 would be RMB13,706,000.

- (2) According to Certificate for the Use of State-owned Land No. (2003)162 dated 10 April 2003, the land use rights of the Property, comprising a total site area of 59,009.14 sq m, have been granted to Winox Watch Manufactory (Dongguan) Limited (盈利時錶業(東莞)有限公司) for a term of 50 years due to expire on 13 January 2053 for industrial use.
- (3) According to seven Certificates of Real Estate Ownership dated 29 December 2009, the building ownership with a total gross floor area of about 32,216.87 sq m is held by Winox Watch Manufactory (Dongguan) Limited (盈利時錶業(東莞)有限公司):-

Certificate No.	Planned Use	Number of Storey	Gross Floor Area (sq m)
2000099833	Workshop A	2	4,854.45
2000099835	Workshop B	2	4,549.39
2000099834	Workshop D1	3	8,401.68
2000099832	Electricity Room	1	900.00
2000099827	Workshop H	6	9,197.87
2000099821	Workshop I	6	3,129.48
2000099836	Workshop J	3	1,184.00
Total			32,216.87

- (4) According to Certificate of Real Estate Encumbrance No. 2000071512 dated 11 June 2010, the seven buildings with Certificate of Real Estate Ownership Nos. 2000099833, 2000099835, 2000099834, 2000099832, 2000099827, 2000099821 and 2000099836 were mortgaged to Dongguan Branch of Hong Kong and Shanghai Banking (China) Co., Ltd..
- (5) According to Business Licence No. 441900400013533 dated 29 June 2010, Winox Watch Manufactory (Dongguan) Limited (盈利時錶業(東莞)有限公司) was established as a limited liability company with a registered capital of HK\$40,000,000 for an operation period from 4 April 2002 to 3 April 2022.
- (6) According to the PRC legal opinion:-
- (i) Winox Watch Manufactory (Dongguan) Limited (盈利時錶業(東莞)有限公司), a wholly owned subsidiary of Winox Holdings Limited, is the only legal owner of the Property comprising a parcel of land with a site area of 59,009.14 sq m and 7 attached buildings with a total gross floor area of 32,216.87 sq m;

- (ii) The uses of 7 buildings of the Property with a total gross floor area of 32,216.87 sq m comply with the Certificate of Real Estate Ownership and Certificate for the Use of State-owned Land;
- (iii) 7 buildings of the Property with a total gross floor area of 32,216.87 sq m have been mortgaged to the Dongguan Branch of Hong Kong and Shanghai Banking (China) Co., Ltd. (the Mortgagee). The transfer and further mortgage of the Property is subject to consent from the Mortgagee;
- (iv) Winox Watch Manufactory (Dongguan) Limited (盈利時錶業(東莞)有限公司) has the rights to occupy, use, and lease 7 buildings of the Property with a total gross floor area of 32,216.87 sq m;
- (v) Applications for issuance of Planning Permits for Construction Works, Permits for Commencement of Construction Works and Certificates of Real Estate Ownership for 3 of the 8 buildings (Workshop C, Workshop D2 and Guard Room L) are being processed with a time limit up to 19 April 2012; and
- (vi) For the 8 buildings of the Property without Certificate of Real Estate Ownership (total gross floor area: 14,163.30 sq m), the local government authorities may require Winox Watch Manufactory (Dongguan) Limited (盈利時錶業(東莞)有限公司) to demolish the buildings within a specified period of time, and impose a maximum fine equivalent to 6% of the initial cost of the buildings.
- (7) The status of title and grant of major approvals and licences in accordance with the information provided by Group and the opinion of the PRC legal adviser are as follows:-

Certificate of Real Estate Ownership	Yes (partly)
Certificate for the Use of State-owned Land	Yes
Certificate of Real Estate Encumbrance	Yes
Construction Land Use Permit	Yes
Planning Permit For construction Works	Yes (partly)
Business Licence	Yes

VALUATION CERTIFICATE

Group I – Properties held by the Group for owner-occupation in the PRC

<u>Property</u>	<u>Description and tenure</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 30 April 2011</u>
2. Room Nos. 2501, 2502, 2901, 2902, 3001 and 3002 Block B, Type B1 Ming Fung Dongjiang Garden (Ming Fung – Dongjiangfu) Liaozai Village Yuanzhou Town Boluo County Huizhou Guangdong Province the PRC	The Property comprises 6 residential units in a 30-story residential building completed in 2009. The Property has a total gross floor area of about 1,016.91 sq m. The land use rights of the Property have been granted for a term due to expire on 22 October 2067 for residential use.	The Property is currently occupied by the Group as senior management staff quarters.	RMB6,200,000

Notes:

- (1) According to 6 Sale and Purchase Contracts of Commodity Housing dated 24 February 2011 entered into between Boluo Ming Fung Zhiye Limited (博羅明豐置業有限公司) (the Vendor) and Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) (the Purchaser), formerly known as Huizhou Fengcai Zhiye Limited (惠州豐采置業有限公司), a wholly owned subsidiary of the Company, the Purchaser has agreed to purchase 6 units at a total consideration of RMB5,970,000.
- (2) According to six Certificates of Real Estate Ownership dated 24 May 2011, the building ownership with a total gross floor area of about 1,016.91 sq m is held by Huizhou Fengcai Zhiye Limited (惠州豐采置業有限公司), now known as the Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司), which is a wholly-owned subsidiary of the Company:-

<u>Certificate No.</u>	<u>Planned Use</u>	<u>Room No.</u>	<u>Gross Floor Area (sq m)</u>
DJ00142874	Residential	2501	155.28
DJ00142876	Residential	2502	183.69
DJ00142878	Residential	2901	155.28
DJ00142875	Residential	2902	183.69
DJ00142877	Residential	3001	155.28
DJ00142879	Residential	3002	183.69
		Total	<u>1,016.91</u>

- (3) According to Certificate for the Use of State-owned Land No. (2011)9008 dated 13 January 2011, the land use rights, with a site area of about 13,942 sq m, have been granted to Boluo Ming Fung Zhiye Limited (博羅明豐置業有限公司) for a term due to expire on 22 October 2067 for residential use.

- (4) According to Business Licence No. 441300400034912 dated 22 June 2011, Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) was established as a limited liability company with a registered capital of HK\$52,000,000 for an operation period from 10 June 2010 to 10 June 2012.
- (5) According to the PRC legal opinion:-
- (i) Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) is the only legal owner of the Property with a total gross floor area of 1,016.91 sq m;
 - (ii) The use of the Property complies with the Certificate of Real Estate Ownership; and
 - (iii) Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) has the right to occupy, use, lease, transfer and mortgage the Property.
- (6) The status of title and grant of major approvals and licences in accordance with the information provided by Group and the opinion of the PRC legal adviser are as follows:-
- | | |
|--|-----|
| Certificate of Real Estate Ownership | Yes |
| Business Licence | Yes |

VALUATION CERTIFICATE

Group II – Properties leased /contracted for operation by the Group in the PRC

Property	Description and tenancy particulars	Particulars of occupancy	Market Value in existing state as at 30 April 2011
3. Huzhen Factory Huzhen Town Boluo County Huizhou Guangdong Province the PRC	<p>The Property, Huzhen Factory, comprises five parcels of contiguous land with a total site area of about 697,666.67 sq m (1,046.50 mu).</p> <p>Several temporary buildings are erected on the Property.</p> <p>The Property is contracted for operation to Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司), formerly known as Huizhou Fengcai Zhiye Limited (惠州豐采置業有限公司), a wholly owned subsidiary of the Company, for various terms. Details of the tenancy agreements, please see note (2).</p>	<p>The Property is currently vacant.</p> <p>The Property is planned as a new production plant but yet to process the relevant land grant procedures and construction permit approval.</p>	No commercial value

Notes:

- (1) According to Contract Document No. 2009/12(18) dated 18 December 2009, the operation rights of land contracted of five parcels of contiguous lands, comprising a total site area of about 697,666.67 sq m (1,046.5 mu), and the attached facilities, have been transferred to Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) on 31 January 2010 at a consideration of RMB16,300,000 from two independent third parties, of which about RMB14,000,000 had been paid.
- (2) According to five (Land Tenancy Contract) Tenancy Rights and Duties Transfer Agreements dated 18 December 2009, the leasing rights and duties over the five parcels of land in various locations in Huizhou have been transferred to Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司):-

Location	Site Area (mu)	Lease Term	Annual Rent (RMB)	Annual Management Fee (RMB)
Duimianling Kanglangkou	Dry farmland:	From 31 January	Dry farmland:	20,000
Huolianque Ruanao	118	2010 to 16	35,400	
Watangliao Kengweiling		June 2052		
Yagongtang Dayuan	Dry Land:		Dry Land:	
Jiaoguanling Hanshandi	522.50		41,800	
Chishibian Jichang				
Shuijikeng Daxishantang				
Huzhen Village				
Huzhen Town				
Boluo County				
Huizhou				

Location	Site Area (mu)	Lease Term	Annual Rent (RMB)	Annual Management Fee (RMB)
Xilinkeng Egg Orchard Huzhenwei Village Huzhen Town Boluo County Huizhou	Dry farmland: 31	From 31 January 2010 to 14 November 2052	9,300	N/A
Duimanling Ganghuling fish pound and wet farmland near Ganghuling whole Daganghuling and some parcels of dry farmland and dry land Gangnan Village Huzhen Town Boluo County Huizhou	Dry farmland: 40 Dry Land: 302	From 31 January 2010 to 11 June 2052 (A portion of the dry land with a site area of about 2 mu has a term due to expire on 10 September 2052)	Dry farmland: 10,800 Dry Land: 24,160	3,000
A parcel of wasteland and upland, Hudieshi Huzhenwei Village Huzhen Town Boluo County Huizhou	12	From 31 January 2010 to 31 July 2052	4,000	N/A
A parcel of dry land and upland Ditangxia Huzhenwei Village Huzhen Town Boluo County Huizhou	21	From 31 January 2010 to 30 April 2053	1680	N/A
	Total: 1,046.50	Total:	127,140	

(3) According to the PRC legal opinion:-

- (i) The tenancy agreements of Property are in fact contracted for operation;
- (ii) The Property is village-collectively-owned land (農村集體土地);
- (iii) Land contracting operation rights and duties over the five parcels of land and the attached facilities in various locations in Huizhou have been transferred to Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) at a consideration of RMB16,300,000 under the Contract Document No. 2009/12(18) dated 18 December 2009;
- (iv) The transfer is legal under Village Land Contracting Law (農村土地承包法) and Management Method of Transferring of Village Land Contracting Operation Right (農村土地承包經營權流轉管理辦法);

The People's Government of Huzhen Town of Boluo County has approved the transfer and the Economic Group Members of Village-collectively-owned Land (農村集體土地所有者經濟組織成員) have waived the priority of undertaking the Property;

- (v) No announcement or order affecting Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司)'s land undertaking operation rights over the Property by relevant Government departments is found; and
- (vi) Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) has rights to possess and use the Property. Consensus from the owner of the Property is required for transferring the Property and priority will be given to the Economic Group Members of the Owner of Village-collectively-owned Land (農村集體土地所有者經濟組織成員). Filing a record to the owner of the Property is required for leasing out, staking in and exchanging the Property in any manner and priority will be given to the Economic Group Members of the Owner of Village-collectively-owned Land (農村集體土地所有者經濟組織成員).

VALUATION CERTIFICATE

Group II – Properties leased/contracted for operation by the Group in the PRC

Property	Description and tenancy particulars	Particulars of occupancy	Market Value in existing state as at 30 April 2011
4. Dongfengcun Factory Dongfeng Village Huzhen Town Boluo County Huizhou Guangdong Province the PRC	The Property, Dongfengcun Factory, comprises one single-storey factory, two ancillary buildings and one electricity room with a total gross floor area of approximately 3,731.54 sq m erected on a parcel of land with a site area of 6,666 sq m (10 mu) completed in May 2011.	The Property is currently occupied Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) for industrial use.	No commercial value
	Use	Gross Floor Area (sq m)	
	Factory	3,276	
	Electricity Room	260	
	Guard Room	99.54	
	Washroom	96	
	Total	3,731.54	

The Property is leased from Bu Luo Ming Fung Kitchen Appliance Manufacturing Limited (博羅明豐廚具製造有限公司), a company, whose shareholder entered into an entrustment agreement (代持協議) with Mr. Yiu Hon Ming to hold the entire equity interest in such company on behalf of Mr. Yiu Hon Ming (a Director and Controlling Shareholder, hence a connected person of Winox Holdings Limited (盈利時控股有限公司) under the Listing Rules once its shares are listed on the Stock Exchange of Hong Kong Limited) to Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司), formerly known as Huizhou Fengcai Zhiye Limited (惠州豐采置業有限公司), a wholly owned subsidiary of the Company, for industrial use for a term of 2 years from 23 May 2011 to 22 May 2013 at a monthly rent of RMB55,000 (exclusive of utilities fee).

Notes:

- (1) According to the PRC legal opinion:-
 - (i) The Factory Tenancy Agreement entered into between Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) and Boluo Ming Fung Kitchen Appliance Manufacturing Limited (博羅明豐廚具製造有限公司) is legally valid to both parties;
 - (ii) Boluo County Ming Fung Kitchen Appliance Manufacturing Limited (博羅明豐廚具製造有限公司) has acquired Certificate for the Use of State-owned Land, Planning Permit for Construction Works, Permit for Commencement of Construction Works and Final Completion Acceptance and Inspection for the Record; and
 - (iii) Huizhou Fengcai Precious Metal Manufacturing Limited (惠州豐采貴金屬製造有限公司) has right to use the Property according to the Factory Tenancy Agreement.

VALUATION CERTIFICATE

Group III – Properties leased by the Group in Hong Kong

	Property	Description and tenancy particulars	Particulars of occupancy	Market Value in existing state as at 30 April 2011
5.	18th Floor Guangdong Investment Tower 148 Connaught Road Central Hong Kong	<p>The Property comprises whole 18th Floor (Room A and B) of a 29-storey office building completed in 1996.</p> <p>The Property has a gross floor area of 718.41 sq m (7,733 sq ft).</p> <p>Room A is leased to the Group for a term of 3 years from 12 October 2010 to 11 October 2013 at a monthly rent of HK\$74,800.00 exclusive of rates and service charge.</p> <p>Room B is leased to the Group for a term of 3 years from 11 December 2010 to 10 December 2013 at a monthly rent of HK\$121,400.00 exclusive of rates and service charge.</p>	The Property is currently occupied by the Group for office use.	No commercial value

VALUATION CERTIFICATE

Group III – Properties leased by the Group in Hong Kong

	<u>Property</u>	<u>Description and tenancy particulars</u>	<u>Particulars of occupancy</u>	<u>Market Value in existing state as at 30 April 2011</u>
6.	Room 2B, 2C and 3 1st Floor Sunray Industrial Centre 610 Cha Kwo Ling Road Yau Tong Kowloon Hong Kong	<p>The Property comprises three industrial units on Level 1 of a 12-storey industrial building completed in 1980.</p> <p>The Property has a total gross floor area of 537.07 sq m (5,781 sq ft).</p> <p>The Property is leased from Mr. Yiu Hon Ming (姚漢明), a Director and Controlling Shareholder, hence a connected person of Winox Holdings Limited (盈利時控股有限公司) under the Listing Rules once its shares are listed on the Stock Exchange of Hong Kong Limited) to the Group for a term of 2 years from 1 January 2011 to 31 December 2012 at a monthly rent of HK\$33,500 exclusive of rates and management fee.</p>	The Property is currently occupied by the Group for warehouse and ancillary office use.	No commercial value

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 28 January 2010 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 25 June 2011 to become effective upon the Listing. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries.*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- (ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their

dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) *Register of Directors and Officers*

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) **Notices of meetings and business to be conducted thereat**

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;

- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary

resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an

advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to

members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Cayman Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 29 March 2011.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Cayman Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object

of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 28 January 2010. Our Company has established a place of business in Hong Kong at 18th Floor, Guangdong Investment Tower, No. 148 Connaught Road Central, Sheung Wan, Hong Kong on 10 March 2011 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 30 March 2011, with Mr. Yiu and Ms. Chan Miu Ting appointed as the authorised representatives of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands Companies Law and to its constitution comprising a memorandum of association and the articles of association. A summary of certain provisions of the Articles and relevant aspects of the Cayman Islands Companies Law is set out in Appendix V to this prospectus.

2. Change in share capital

The authorised share capital of our Company as at the date of its incorporation was US\$50,000 divided into 50,000 shares of US\$1.00 each. Upon its incorporation, one share was allotted and issued to our initial subscriber. On the same day, the said one share was transferred to Mr. Yiu. The following alterations in the share capital of our Company have taken place since the date of incorporation up to the date of this prospectus:

- (a) on 10 March 2011, our authorised share capital was increased by HK\$400,000,000 divided into 4,000,000,000 ordinary shares of HK\$0.10 each and 78 Shares were issued to Mr. Yiu for cash at par value;
- (b) on 10 March 2011, the one share of US\$1.00 of our Company held by Mr. Yiu was repurchased by our Company at HK\$7.80. On the same day, the authorised but unissued share capital of our Company was reduced by the cancellation of 50,000 shares of US\$1.00 each;
- (c) in connection with the Reorganisation, on 11 March 2011, (i) Ming Fung BVI, Mr. Mak, Mark Yiu and Ms. Yiu transferred 765 shares, 75 shares, 20 shares and 20 shares, respectively, representing, in aggregate, the entire issued share capital of Glorify Land to our Company and (ii) Winholme Holdings, Ming Fung BVI, Mr. Mak, Mark Yiu and Ms. Yiu transferred to our Company their respective interest representing 12%, 76.5%, 7.5%, 2% and 2% of the share capital of Feng Cai, respectively, representing in aggregate the entire issued share capital of Feng Cai, and in consideration of the above transfers, among other matters, our Company issued 802 Shares to Ming Fung Investment and one Share to Winholme Holdings;

- (d) in connection with the Reorganisation, on 11 March 2011, Winholme Holdings transferred 7,200,000 shares representing 12% of the entire issued shareholding in Winox Enterprise to Glorify Land and in consideration of the above transfer, Glorify Land issued one share to our Company and our Company issued 119 Shares to Winholme Holdings; and
- (e) on 24 June 2011, our Company capitalised an amount of HK\$37,499,900 standing to the credit of its share premium account in paying-up in full 374,999,000 Shares, amongst which 329,999,120 and 44,999,880 Shares were allotted and issued to Ming Fung Investment and Winholme Holdings, respectively.

3. Written resolutions of the shareholders of our Company

Pursuant to written resolutions of the shareholders of our Company passed on 25 June 2011:

- (a) our Company approved and adopted the Articles of Association with effect from the Listing;
- (b) conditional on (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, Shares to be issued as mentioned in this prospectus (including any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme); (ii) the entering into the agreement on the Offer Price between the Sole Bookrunner and our Company on the Price Determination Date; and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the new Shares pursuant to the Share Offer;
 - (ii) the grant of the Over-allotment Option was approved and our Directors were authorised to effect the same and to allot and issue the Over-allotment Shares upon the exercise of the Over-allotment Option; and
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Share Option Scheme" under the section headed "Other information" in this Appendix, were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme;

- (c) a general unconditional mandate was given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or pursuant to the Over-allotment Option or the grant of options under the Share Option Scheme or other similar arrangement or pursuant to a specific authority granted by the Shareholders in general meeting, Shares with a total nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company as required by the Articles or any applicable laws of the Cayman Islands to be held, or until revoked, renewed or varied by an ordinary resolution of the shareholders in general meeting, whichever occurs first;
- (d) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other approved stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer (but taking no account of any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme), such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company as required by the Articles or any applicable laws of the Cayman Islands to be held, or until revoked, renewed or varied by an ordinary resolution of the shareholders of our Company in general meeting, whichever occurs first; and

- (e) the general unconditional mandate mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above.

4. Corporate reorganisation

The companies comprising our Group underwent a reorganisation to rationalise our corporate structure in preparation for the Listing, and as a result, our Company became the holding company of our Group. The Reorganisation involved the following steps:

- (a) on 11 March 2011, Mr. Yiu transferred 78 Shares (comprising the entire issued share capital of our Company) held by him in our Company to Ming Fung Investment, which was settled by Ming Fung Investment issuing one share for a consideration of HK\$7.80 to Mr. Yiu;
- (b) On 11 March 2011, Mr. Yiu transferred the entire issued share capital of Winox BVI, being 1 share of US\$1.00 to our Company;
- (c) On 1 March 2011, Max Surplus transferred to Ming Fung Real Estates Limited (a company incorporated in Hong Kong which is indirectly owned by Mr. Yiu and Ms. Law Wai Ping) the entire equity interest of Yingxinfeng WFOE for an aggregate cash consideration of HK\$10.00 payable by Ming Fung Real Estates Limited;
- (d) On 11 March 2011,
 - (i) Ming Fung BVI, Mr. Mak, Mark Yiu and Ms. Yiu transferred 765 shares, 75 shares, 20 shares and 20 shares, respectively, representing, in aggregate, the entire issued share capital of Glorify Land to the Company; and
 - (ii) Winholme Holdings, Ming Fung BVI, Mr. Mak, Mark Yiu and Ms. Yiu transferred to our Company their respective interest representing 12%, 76.5%, 7.5%, 2% and 2% of the share capital of Feng Cai, respectively, representing, in aggregate, the entire issued share capital of Feng Cai,

and, in consideration of the above transfers, (a) our Company issued 802 Shares to Ming Fung Investment, and Ming Fung Investment in turn issued 763 shares to Ming Fung BVI, 75 shares to Mr. Mak, 20 shares to Mark Yiu and 20 shares to Ms. Yiu; (b) our Company issued one Share to Winhome Holdings, and (c) Mr. Yiu transferred his 2 shares in the issued share capital of Ming Fung Investment to Ming Fung BVI;

- (e) On 11 March 2011, Winholme Holdings transferred 7,200,000 shares, representing 12% of the entire issued share capital of Winox Enterprise to Glorify Land; and in consideration of the above transfer, Glorify Land issued one share to our Company and our Company issued 119 Shares to Winholme Holdings; and
- (f) On 11 March 2011, Mr. Yiu subscribed for 99 new shares of Ming Fung BVI of US\$1.00 each for an aggregate cash consideration of US\$99.00. After such allotment, on the same day Mr. Yiu transferred 40 shares of Ming Fung BVI, representing 40% of the entire issued share capital of Ming Fung BVI, to Ms. Law Wai Ping by way of gift.

5. Changes in the share capital of subsidiaries

- (a) The subsidiaries of our Company are contained in the Accountants' Report set out in Appendix I to this prospectus.
- (b) The following alterations in the share capital of our Company's subsidiaries have taken place within the two years preceding the date of this prospectus:

Glorify Land

On 11 March 2011, Glorify Land capitalised its retained earnings and allotted and issued 879 shares of US\$1.00 each, credited as fully paid, to Ming Fung BVI.

On 11 March 2011, Winholme Holdings transferred 12% of its shareholding in Winox Enterprise to Glorify Land, and in consideration, *inter alia*, Glorify Land allotted and issued one share of US\$1.00 each to our Company.

Feng Cai

On 23 June 2010, 87 shares and 12 shares of US\$1.00 each in the issued share capital of Feng Cai were allotted and issued to Ming Fung BVI and Winholme Holdings, respectively, for cash at par value.

Winox Enterprise

On 30 December 2009, the authorised share capital of Winox Enterprise was increased from HK\$10,000 to HK\$60,000,000 by the creation of additional 59,990,000 shares of HK\$1.00 each. On the same day, 35,191,200 shares and 4,798,800 shares of HK\$1.00 each in the issued capital of Winox Enterprise was issued to Glorify Land and Winholme Holdings, respectively, for cash at par value.

On 31 December 2010, Winox Enterprise capitalised its reserves in the amount of HK\$20,000,000 and allotted and issued 17,600,000 shares and 2,400,000 shares of HK\$1.00 each, credited as fully paid, to Glorify Land and Winholme Holdings, respectively.

Winox WFOE

On 18 September 2009, the registered capital of Winox WFOE increased by HK\$10 million to HK\$40 million. As at 23 September 2009, its paid-up capital amounted to HK\$31.65 million. As at 20 October 2009, its paid-up capital amounted to HK\$34.65 million. As at 5 May 2010, its paid-up capital amounted to HK\$39.65 million.

On 4 November 2010, the registered capital of Winox WFOE increased by a further HK\$10 million to HK\$50 million. As at 25 October 2010, its paid-up capital amounted to HK\$41.65 million. As at 7 April 2011, its paid-up capital amounted to HK\$50 million.

Huizhou WFOE

Huizhou WFOE was established in the PRC on 10 June 2010 with a registered capital of HK\$50 million. As at 6 July 2010, the paid-up capital of Huizhou WFOE amounted to about HK\$20 million. As at 19 August 2010, the paid-up capital of Huizhou WFOE amounted to HK\$30 million. As at 2 September 2010, the paid-up capital of Huizhou WFOE amounted to about HK\$45 million. On 14 April 2011, the registered capital of Huizhou WFOE was increased by HK\$2 million to HK\$52 million. As at 10 June 2011, the paid-up capital of Huizhou WFOE amounted to HK\$52 million.

6. Repurchase by our Company of its own securities*(a) Relevant legal and regulatory requirements in Hong Kong*

The Listing Rules permit shareholders of a listed company to grant a general mandate to the directors to repurchase shares of such company that are listed on the Stock Exchange. Such mandate is required to be given by way

of an ordinary resolution passed by shareholders in general meeting. With regard to our Company, certain relevant laws and regulations are as follows:

(i) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction. Pursuant to a resolution passed by the shareholders of our Company on 25 June 2011, a general unconditional mandate (the "Repurchase Mandate") was given to the board of Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Share Offer (without taking into account our Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

(ii) Source of funds

Repurchases by our Company must be funded out of funds legally available for the purpose in accordance with the Articles and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by our Company may be made out of funds which would otherwise be available for dividend or distribution or out of an issue of new shares made for the purpose of the repurchase.

(iii) Trading restrictions

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. In addition, subject to the then prevailing requirements of the Listing Rules from time to time, repurchases of Shares on the Stock Exchange in any calendar month are limited to a maximum of 25% of the trading volume of Shares on the Stock Exchange in the immediately preceding calendar month. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the

broker appointed by our Company to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. As required by the prevailing requirements of the Listing Rules, an issuer shall not purchase its shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

(iv) Status of repurchased Shares

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Islands Companies Law, a company's repurchased shares shall be treated as cancelled and the amount of our Company's issued share capital shall be reduced by the aggregate value of the repurchased shares accordingly although the authorised share capital of our Company will not be reduced.

(v) Suspension of repurchase

Pursuant to the Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as at the date hereof, during the period of one month immediately preceding the earlier of:

- (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of our Shares on the Stock Exchange if our Company has breached the Listing Rules.

(vi) Procedural and reporting requirements

As required by the Listing Rules, repurchases of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange

not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vii) Connected parties

A company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person" (as defined in the Listing Rules) and a connected person shall not knowingly sell its securities to our Company on the Stock Exchange.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of our Company and shareholders for the Directors to have general authority from the shareholders to enable the board of Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and its shareholders.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands. On the basis of the current financial position as disclosed in this prospectus and taking into account the current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Company as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Company which in the opinion of the Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue immediately after the Share Offer (and assuming that the Over-allotment Option will not be exercised and without taking into

account any Shares to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), could accordingly result in 50,000,000 Shares being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required by Cayman Islands Companies Law or the Articles or any applicable laws of the Cayman Islands to the held; or (3) the revocation, renewal or variation of the purchase mandate by an ordinary resolution of shareholders of our Company in a general meeting, whichever occurs first (the "Relevant Period"). If the Over-allotment Option is exercised in full, the exercise in full of the Repurchase Mandate on the basis of 518,750,000 Shares in issue immediately after the Share Offer could result in 51,875,000 Shares being repurchased by our Company during the Relevant Period.

(d) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% of our Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person (as defined in the Listing Rules) has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) an agreement dated 18 December 2009 entered into between 博羅縣置豐實業有限公司 (Boluo Zhifeng Shiye Limited*) (“**Boluo Zhifeng**”) and Huizhou WFOE in respect of certain payment and other obligations relating to the agreements mentioned in paragraphs (b) to (g) below, and stating that Huizhou WFOE agreed to acquire from Boluo Zhifeng the lessee’s rights over the land comprising a total site area of about 1,046.5 mu for a consideration of RMB16,300,000;
- (b) an agreement dated 18 December 2009 entered into between 惠州市博羅縣湖鎮鎮湖鎮村民委員會 (Huizhou Boluo County Huzhen Zhenhu Village Committee*), Boluo Zhifeng and Huizhou WFOE, pursuant to which Boluo Zhifeng agreed to transfer to Huizhou WFOE all its rights and obligations (as lessee) under a land lease contract dated 11 June 2002 in relation to a piece of dry farmland comprising a site area of 118 mu and a piece of dry land comprising a site area of 522.5 mu entered into between 惠州市博羅縣湖鎮鎮湖鎮村民委會 (Huizhou Boluo County Huzhen Zhenhu Village Committee*) and Boluo Zhifeng;
- (c) an agreement dated 18 December 2009 entered into between 惠州市博羅縣湖鎮鎮圍村三組 (Huizhou Boluo County Huzhen Village Third Group*), Boluo Zhifeng and Huizhou WFOE, pursuant to which Boluo Zhifeng agreed to transfer to Huizhou WFOE all its rights and obligations (as lessee) under a land lease contract dated 14 November 2002 in relation to a piece of dry farmland comprising a site area of 31 mu entered into between 惠州市博羅縣湖鎮鎮湖鎮圍村三組 (Huizhou Boluo County Huzhen Zhenhu Village Third Group*) and Boluo Zhifeng;
- (d) an agreement dated 18 December 2009 entered into between 惠州市博羅縣湖鎮鎮崗南村水南小組 (Huizhou Boluo County Huzhen Southern Village Shuinan Group*), Boluo Zhifeng and Huizhou WFOE, pursuant to which Boluo Zhifeng agreed to transfer to Huizhou WFOE all its rights and obligations (as lessee) under a land lease contract dated 11 June 2002 (and the subsequent supplemental agreement dated 10 September 2002) in relation to the dry farmland comprising a site area of 40 mu and the dry land comprising a site area of 302 mu entered into between Huizhou Boluo County Huzhen Southern Village Shuinan Group and Boluo Zhifeng;

- (e) an agreement dated 18 December 2009 entered into between 文博全 (Wen Bo Quan*) and Huizhou WFOE in respect of, inter alia, the payment of the consideration in the amount of RMB513,999.09 relating to the agreements mentioned in paragraphs (f) and (g) below;
- (f) an agreement dated 18 December 2009 entered into between 惠州市博羅縣湖鎮鎮湖鎮圍村委會西門小組 (Huizhou Boluo County Huzhen Zhenhu Village Committee Ximen Group*), 文博全 (Wen Bo Quan*) and Huizhou WFOE, pursuant to which Wen Bo Quan agreed to transfer to Huizhou WFOE all his rights and obligations (as lessee) under a land lease contract dated 30 April 2003 in relation to a piece of land comprising a site area of 21 mu entered into between 惠州市博羅縣湖鎮鎮湖鎮圍村民委員會西門小組 (Huizhou Boluo County Huzhen Zhenhu Village Committee Ximen Group*) and Wen Bo Quan;
- (g) an agreement dated 18 December 2009 entered into between 惠州市博羅縣湖鎮鎮湖鎮圍村委會圩三小組 (Huizhou Boluo County Huzhen Zhenhu Village Committee Yusan Group*), 文博全 (Wen Bo Quan*) and Huizhou WFOE, pursuant to which Wen Bo Quan agreed to transfer to Huizhou WFOE all his rights and obligations (as lessee) under a land lease contract dated 25 July 2006 in relation to a piece of land comprising a site area of 12 mu entered into between Huizhou Boluo County Huzhen Zhenhu Village Committee Yusan Group and Wen Bo Quan;
- (h) a sale and purchase contract of commodity housing (商品房買賣合同) dated 24 February 2011 entered into between 博羅明豐置業有限公司 (Boluo Ming Fung Zhiye Limited*) (“**Boluo Ming Fung Zhiye**”) and Huizhou WFOE, pursuant to which Huizhou WFOE agreed to acquire a residential unit with a total gross floor area of 155.28 sq.m. for a consideration of RMB870,000;
- (i) a sale and purchase contract of commodity housing (商品房買賣合同) dated 24 February 2011 entered into between Boluo Ming Fung Zhiye and Huizhou WFOE, pursuant to which Huizhou WFOE agreed to acquire a residential unit with a total gross floor area of 183.63 sq.m. for a consideration of RMB1,060,000;
- (j) a sale and purchase contract of commodity housing (商品房買賣合同) dated 24 February 2011 entered into between Boluo Ming Fung Zhiye and Huizhou WFOE, pursuant to which Huizhou WFOE agreed to acquire a residential unit with a total gross floor area of 155.28 sq.m. for a consideration of RMB910,000;

- (k) a sale and purchase contract of commodity housing (商品房買賣合同) dated 24 February 2011 entered into between Boluo Ming Fung Zhiye and Huizhou WFOE, pursuant to which Huizhou WFOE agreed to acquire a residential unit with a total gross floor area of 183.63 sq.m. for a consideration of RMB1,100,000;
- (l) a sale and purchase contract of commodity housing (商品房買賣合同) dated 24 February 2011 entered into between Boluo Ming Fung Zhiye and Huizhou WFOE, pursuant to which Huizhou WFOE agreed to acquire a residential unit with a total gross floor area of 155.28 sq.m. for a consideration of RMB920,000;
- (m) a sale and purchase contract of commodity housing (商品房買賣合同) dated 24 February 2011 entered into between Boluo Ming Fung Zhiye and Huizhou WFOE, pursuant to which Huizhou WFOE agreed to acquire a residential unit with a total gross floor area of 183.63 sq.m. for a consideration of RMB1,110,000;
- (n) a share purchase agreement dated 11 March 2011 entered into between Mr. Yiu and our Company, pursuant to which our Company acquired the entire issued share capital of Winox BVI for a consideration of HK\$1;
- (o) an equity interest transfer agreement dated 1 March 2011 entered into between Max Surplus and Ming Fung Real Estates Limited, pursuant to which Max Surplus disposed of the entire equity interest of Yingxinfeng WFOE to Ming Fung Real Estates Limited for a consideration of HK\$10;
- (p) a share purchase agreement dated 11 March 2011 entered into between Ming Fung BVI, Winholme Holdings, Mr. Mak, Mark Yiu, Ms. Yiu, Mr. Yiu, Ming Fung Investment and our Company, pursuant to which our Company acquired the entire issued share capital of Glorify Land and Feng Cai, and in consideration therefor (i) our Company issued 802 Shares to Ming Fung Investment, and Ming Fung Investment in turn issued 763 shares to Ming Fung BVI, 75 shares to Mr. Mak, 20 shares to Mark Yiu and 20 shares to Ms. Yiu; (ii) our Company issued one Share to Winholme Holdings, and (iii) Mr. Yiu transferred his two shares in the issued share capital of Ming Fung Investment to Ming Fung BVI;
- (q) a share purchase agreement dated 11 March 2011 entered into between Winholme Holdings, Glorify Land and our Company, pursuant to which Winholme Holdings transferred 12% of the issued share capital of Winox Enterprise to Glorify Land, and in consideration therefor (i) Glorify Land issued one share in its share capital to our Company, and (ii) our Company issued 119 Shares to Winholme Holdings;

- (r) a deed of indemnity dated 25 June 2011 executed by Ming Fung Investment and Winholme Holdings in favour of our Company, details of which are set out in paragraph headed “2. Estate duty and other indemnities” in paragraph “D. Other Information” in this Appendix;
- (s) a deed of non-competition undertaking dated 25 June 2011 entered into between Mr. Yiu, Ms. Law Wai Ping and our Company in respect of the non-competition undertakings given by Mr. Yiu and Ms. Law Wai Ping in favour of our Company, further details of which are set out in the section headed “Relationship with the Controlling Shareholders – IV. Non-competition undertaking” in this prospectus; and
- (t) the Public Offer Underwriting Agreement, further details of which are set out in the section headed “Underwriting” in this prospectus.



2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks:

	Registration Number	Trademark	Registered Owner	Place of Registration	Class	Validity Period
1.	301306485		Winox Enterprise	Hong Kong	14, 35	18/03/2009-17/03/2019
2.	301306467	盈利時	Winox Enterprise	Hong Kong	14, 35	18/03/2009-17/03/2019
3.	301306476	WINOX	Winox Enterprise	Hong Kong	14, 35	18/03/2009-17/03/2019
4.	301306494	 WINOX	Winox Enterprise	Hong Kong	14, 35	18/03/2009-17/03/2019
5.	5980935		Winox WFOE	PRC	14	14/12/2009-13/12/2019
6.	5981218	盈利時	Winox WFOE	PRC	14	14/12/2009-13/12/2019
7.	5981219	WINOX	Winox WFOE	PRC	14	14/12/2009-13/12/2019

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks:

	<u>Application Number</u>	<u>Trademark</u>	<u>Applicant</u>	<u>Place of Application</u>	<u>Class</u>	<u>Application Date</u>
1.	9344136		Winox WFOE	PRC	14	15/04/2011
2.	9344137	盈利时	Winox WFOE	PRC	40	15/04/2011
3.	9344138	盈利时	Winox WFOE	PRC	14	15/04/2011
4.	9344226		Winox WFOE	PRC	40	15/04/2011
5.	9344227	WINOX	Winox WFOE	PRC	40	15/04/2011
6.	9344228	WINOX	Winox WFOE	PRC	14	15/04/2011

(b) *Domain Names*

As at the Latest Practicable Date, our Group had registered the following domain name:

<u>Domain Name</u>	<u>Registered Owner</u>	<u>Date of Registration</u>	<u>Expiry Date</u>
www.winox.com	Winox Enterprise	09/04/1997	10/04/2019

C. DISCLOSURE OF INTERESTS

1. Interests and short position of Directors and the chief executive in the shares, underlying shares or debentures of our Company and its associated corporations

Immediately following completion of the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), based on the information available on the Latest Practicable Date, the interests or short positions of the Directors and the chief executive of our Company in our Shares, underlying shares and debentures of our Company and its associated corporations (within the meaning of part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to divisions 7 and 8 of part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the

register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

Interests in the Shares, underlying shares and debentures of our Company

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Class of securities</u> ^(Note 1)	<u>Amount of securities</u>	<u>Approximate percentage interest in the share capital of the Company immediately after the Share Offer</u> ^(Note 2)
Mr. Yiu	Interest in a controlled corporation and interest of spouse ^(Note 3)	Ordinary Shares (L)	330,000,000 Shares	66%
Law Wai Ping	Interest in a controlled corporation and interest of spouse ^(Note 4)	Ordinary Shares (L)	330,000,000 Shares	66%

Notes:

1. The letter "L" denotes the person's long position in the relevant Shares.
2. The shareholding percentages have been calculated based on the assumption that the Over-allotment Option is not exercised.
3. Mr. Yiu is the legal and beneficial owner of 60% of the entire issued share capital of Ming Fung BVI, which in turn is the legal and beneficial owner of about 86.93% of the entire issued share capital of Ming Fung Investment, and Ming Fung Investment is the legal and beneficial owner of 330,000,000 Shares. Mr. Yiu is the husband of Ms. Law Wai Ping, and thus, he is deemed to be interested in the same amount of Shares in which Ms. Law Wai Ping is interested.
4. Ms. Law Wai Ping is the legal and beneficial owner of 40% of the entire issued share capital of Ming Fung BVI, which in turn is the legal and beneficial owner of about 86.93% of the entire issued share capital of Ming Fung Investment. Ms. Law is the wife of Mr. Yiu, and thus, she is deemed to be interested in the same amount of Shares in which Mr. Yiu is interested.

Interests in the shares of associated corporations of our Company

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Approximate percentage interest in the share capital of the associated corporation</u>
Mr. Yiu ^(note 1)	Ming Fung BVI	Beneficial interest and interest of spouse	60%
	Ming Fung Investment	Interest in a controlled corporation	86.93%
Law Wai Ping ^(note 2)	Ming Fung BVI	Beneficial interest and interest of spouse	40%
	Ming Fung Investment	Interest in a controlled corporation	86.93%

Notes:

1. Mr. Yiu is the legal and beneficial owner of 60% of the entire issued share capital of Ming Fung BVI, which in turn is the legal and beneficial owner about 86.93% of the entire issued share capital of Ming Fung Investment.
2. Ms. Law Wai Ping is the legal and beneficial owner of 40% of the entire issued share capital of Ming Fung BVI, which in turn is the legal and beneficial owner of about 86.93% of the entire issued share capital of Ming Fung Investment.

Save as disclosed above, based on the information available on the Latest Practicable Date, immediately following completion of the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), none of the Directors or chief executives of our Company has any interest or short position in our Shares, underlying shares or debentures of our Company or any of its associate corporations which will have to be notified to our Company and the Stock Exchange pursuant to divisions 7 and 8 of part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in appendix 10 to the Listing Rules relating to securities transactions by Directors to be notified to our Company and the Stock Exchange once our Shares are listed.

2. Interests and short positions of substantial shareholders in the shares, or underlying shares of our Company

Information on person(s), not being Directors or chief executive of our Company, who (based on the information available on the Latest Practicable Date) will have, immediately following the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), an interest or short position in our Shares or underlying shares of our Company which will fall to be disclosed to our Company under the provisions of divisions 2 and 3 of part XV of the SFO is set out below:

<u>Name</u>	<u>Nature of interest</u>	<u>Class of securities</u> ^(Note 1)	<u>Amount of securities</u>	<u>Approximate percentage interest in the share capital of our Company immediately after the Share Offer</u> ^(Note 2)
Ming Fung Investment . . .	Beneficial owner	Ordinary Shares (L)	330,000,000 Shares	66%
Winholme Holdings	Beneficial owner	Ordinary Shares (L)	45,000,000 Shares	9%
Ming Fung BVI	Interest in a controlled corporation	Ordinary Shares (L)	330,000,000 Shares	66%
Ms. Tang	Interest in a controlled corporation ^(Note 3)	Ordinary Shares (L)	45,000,000 Shares	9%
Mr. Chan	Interest in a controlled corporation ^(Note 4)	Ordinary Shares (L)	45,000,000 Shares	9%
Leung Wai Yin, Edith . . .	Interest of spouse ^(Note 5)	Ordinary Shares (L)	45,000,000 Shares	9%

Notes:

1. The letter "L" denotes the person's long position the relevant Shares.
2. The shareholding percentages have been calculated based on the assumption that the Over-allotment Option is not exercised.
3. Ms. Tang is the legal and beneficial owner of about 41.67% of the entire issued share capital of Winholme Holdings.
4. Mr. Chan is the legal and beneficial owner of about 33.33% of the entire issued share capital of Winholme Holdings.
5. Ms. Leung Wai Yin, Edith is the wife of Mr. Chan, and thus, she is deemed interested in the same amount of Shares in which Mr. Chan is interested.

Save as set out above, based on the information available on the Latest Practicable Date, taking no account of any Shares which may be taken up under the Share Offer, the Directors are not aware of any person (not being a Director or chief executives of our Company) who will, immediately following the completion of the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), be interested, directly or indirectly, in an interest or short position in our Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of divisions 2 and 3 of part XV of the SFO.

3. Interests of the substantial shareholders of any member of our Group (other than our Company)

Save as set out above, the Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Shares that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), be interested, directly or indirectly, in 10% or more of the nominal amount of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group (other than our Company) or any options in respect of such capital.

4. Particulars of service contracts

(a) Executive Directors

Each of the executive Directors has entered into a service contract with our Company for an initial term of three years with effect from 1 April 2011 unless terminated by not less than three months' notice in writing served by either the executive Directors or our Company. Under their service contract, each executive Director is entitled to a fixed basic salary, and any bonus and other non-cash benefits are only payable at the discretion of our Company. In certain other circumstances, the agreement can also be terminated by our Company, including but not limited to certain breaches of the Directors' obligations under the agreement or certain misconducts. The appointments of the executive Directors are also subject to the provisions of retirement and rotation of Directors under the Articles. The service contracts further provide that during the term of the service contract and within one year upon the termination of service, each executive Director cannot engage in any business which is competing or is likely to compete, either directly or indirectly, with the business of our Group.

(b) *Non-executive Director and independent non-executive Directors*

The non-executive director has signed an appointment letter with our Company for a term of three years with effect from 1 April 2011 and each of the independent non-executive Directors has signed an appointment letter with our Company for a term of three years with effect from their respective dates of appointment. Under their respective appointment letters, each of the non-executive Director and independent non-executive Directors is entitled to a fixed director's fee. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles.

(c) *Remuneration policy*

Our Company's policies concerning remuneration of executive Directors are as follows:

- (i) the amount of remuneration payable to the executive Directors will be determined on a case by case basis depending on the Director's experience, responsibility, workload and the time devoted to our Group;
- (ii) non-cash benefits may be provided at the discretion of the Board to the Directors under their remuneration package; and
- (iii) the executive Directors may be granted, at the discretion of the Board, share options under the Share Option Scheme.

(d) *Others*

- (i) Save as disclosed above, none of the Directors has entered into any service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
- (ii) During the year ended 31 December 2010, the aggregate of the remuneration and benefits in kind paid to the Directors was about HK\$1.45 million. Details of the Directors' remuneration are also set out in note 12 of the Accountants' Report set out in Appendix I to this prospectus.
- (iii) Under the arrangements currently in force, the aggregate of the remuneration and benefits in kind payable to the Directors for the year ending 31 December 2011 is estimated to be about HK\$4,711,100 million.

- (iv) None of the Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended 31 December 2010 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (v) There has been no arrangement under which a Director has waived or agreed to waive any remuneration or benefits in kind for three years ended 31 December 2010.
- (vi) None of the Directors has been or is interested in the promotion of, or in the property proposed to be acquired by, our Company, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him in connexion with the promotion or formation of our Company.

5. Agency fees or commissions received

- (a) None of the Directors, the promoter (if any) of our Company or the persons named under "Consent of experts" in this appendix had received any discounts, brokerage or other special terms, agency fee or commission from our Group in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.
- (b) The Underwriters will receive such commission(s), fee(s) and/or expense(s) as mentioned in the section headed "Underwriting" in this prospectus.

6. Disclaimers

- (a) Save as set out above and in the section headed "Reorganisation" in this prospectus, none of the Directors or any of the persons whose names are listed in the paragraph headed "Consent of experts" in this appendix are directly or indirectly interested in the promotion of our Company or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

- (b) Save as set out above, none of the Directors nor any of the persons whose names are listed in the paragraph headed "Consent of experts" in this appendix are materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group.
- (c) Save as set out above, none of the Directors have entered or have proposed to enter into any service contracts with us or any other member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).
- (d) Save as set out in the sections headed "Underwriting" and "Structure of the Share Offer," none of the persons whose names are listed in the paragraph headed "Consent of experts" in this appendix have any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of our Group or is an officer or servant or a partner of or in the employment of an officer or servant of our Group.
- (e) Save as disclosed in this prospectus, no cash, share or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any cash, share or benefit intended to be paid, allotted or given on the basis of the Share Offer or related transactions as mentioned in this prospectus.

D. OTHER INFORMATION

1. Share Option Scheme

- (a) The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted by our Company pursuant to a resolution of the Board passed on 25 June 2011. The terms of the Share Option Scheme are in accordance with the provisions of chapter 17 of the Listing Rules.
 - (i) The purpose of the Share Option Scheme is to provide the Participants (defined in paragraph (ii) below) who have been granted options (the "Options") under the Share Option Scheme to subscribe for Shares (the "Grantees") with the opportunity to acquire proprietary interests in our Company and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole. The Share Option Scheme will provide our Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

- (ii) The Share Option Scheme is subject to the administration of the board of directors and/or the remuneration committee of our Company, as any of them may have taken action or made a decision or determination in relation to the Share Option Scheme (each of them so acted shall be referred to as the “Scheme Board”). The Scheme Board may, at its discretion, invite directors, officers, employees (including, without limitation, those employed for a fixed term) and consultants of any member of our Group (each a “Participant”) to participate in the Share Option Scheme.

- (iii) Initially the maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme or any other share option schemes adopted by our Company (and to which the provisions of chapter 17 of the Listing Rules are applicable) shall not exceed 10 per cent. of the aggregate of our Shares in issue as of the date our Shares commence trading on the Stock Exchange, i.e. 50,000,000 Shares. (Options which have lapsed shall not be counted in calculating the 10 per cent. limit.) However (but subject to the 30 per cent. limit referred to in this paragraph below), our Company may refresh this 10 per cent. limit with Shareholders’ approval provided that each such limit (as refreshed) may not exceed the 10 per cent. of our Shares in issue as of the date of the Shareholders’ approval. (Options previously granted under the Share Option Scheme and any other share option schemes adopted by our Company (and to which the provisions of chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options) will not be counted for the purpose of calculating the limit to be refreshed.) Our Company may seek separate approval by Shareholders in general meeting for granting Options beyond the 10 per cent. limit provided that the Options in excess of the limit are granted only to Participants specially identified by our Company before such approval is sought.

The total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by our Company (and to which the provisions of chapter 17 of the Listing Rules are applicable) must not exceed 30 per cent. of our Shares in issue from time to time.

- (iv) Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) under the Share Option Scheme in any 12 month period must not exceed 1 per cent. of our Shares in issue. Any further grant of Options which would result in the number of Shares issued as aforesaid exceeding the said 1 per cent. limit must be subject to prior Shareholders' approval with the relevant Participant and his associates abstaining from voting.

Each grant of Options to any Director, chief executive or substantial shareholder of our Company (or any of their respective associates) (as such terms are defined in rule 1.01 of the Listing Rules) shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Option). Where any grant of Options to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in our Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:

- (aa) representing in aggregate over 0.1 per cent. (or such other higher percentage as may from time to time be specified by the Stock Exchange) of our Shares then in issue; and
- (bb) having an aggregate value, based on the closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of granting of the Options ("Date of Grant"), in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll). All connected persons (as defined in the Listing Rules) of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

No offer shall be made and no Option shall be granted to any Participant in circumstances prohibited by the Listing Rules at a time when the Participant would or might be prohibited from dealing in our Shares by the Listing Rules or by any applicable rules, regulations or law. In particular, during the period commencing one month immediately preceding the earlier of:

- (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (bb) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted.

- (v) (aa) The period within which the Options must be exercised will be specified by our Company at the time of grant. This period must expire no later than 10 years from the relevant Date of Grant (being the date on which the Scheme Board resolves to make an offer of Option to the relevant Grantee).
- (bb) In the event the Grantee (being an employee or a director of our Company or any member of our Group) ceases to be a Participant for any reason other than (1) his or her death or (2) on one or more of the grounds of termination of employment or engagement specified in paragraph (xii)(ff) below, the Option shall lapse on the date of cessation of such employment or engagement and not be exercisable unless the Scheme Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Scheme Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of our Company or any member of our Group) shall be the last actual working day on which the Grantee was physically at work with the relevant member of our Group, whether salary is paid in lieu of notice or not.

- (cc) In the event the Grantee dies before exercising the Option in full and none of the events for termination of employment under paragraph (xii)(ff) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of twelve (12) months from the date of death to exercise the Option up to the entitlement of such Grantee as of the date of death.
- (dd) If a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (v)(ee) below) resulting in a change of control of our Company is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company.
- (ee) If a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.
- (ff) In the event a notice is given by our Company to its shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three business days prior to the date of the proposed shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

- (gg) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated above, between our Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by our Company exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three business days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
- (hh) Upon the occurrence of any of the events referred to in paragraphs (v)(dd) to (v)(gg) above, our Company may in its discretion and notwithstanding the terms of the relevant Option also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by our Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by our Company. If our Company gives such notice that any Option shall be exercised in part only, the balance of the Option shall lapse.
- (vi) At the time of grant of the Options, our Company may specify any minimum period(s) for which an Option must be held before it can be exercised. Our Share Option Scheme does not contain any such minimum period.
- (vii) At the time of the grant of the Options, our Company may specify any performance target(s) which must be achieved before the Options can be exercised. Our Share Option Scheme does not contain any performance targets.
- (viii) The amount payable upon acceptance of an Option is HK\$1.00 (or its equivalent).

- (ix) The subscription price for our Shares the subject of the Options shall be no less than the higher of (aa) the closing price of our Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant; (bb) the average closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant (provided that in the event that any Option is proposed to be granted within a period of less than five business days after the trading of our Shares first commences on the Stock Exchange, the new issue price of our Shares for the Share Offer shall be used as the closing price for any business day falling within the period before listing of our Shares on the Stock Exchange); and (cc) the nominal value of a Share on the Date of Grant. The subscription price will be established by the Scheme Board at the time the Option is offered to the Participant.
- (x) Our Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of our Company. Prior to the Grantee being registered on the register of members of our Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of our Shares to be issued upon the exercise of the Option.
- (xi) No Options may be granted under the Share Option Scheme on or after the date of the tenth anniversary of the adoption of the Share Option Scheme.
- (xii) An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:
 - (aa) the expiry of the Option period;
 - (bb) the date or the expiry of the period for exercising the Option as referred to in paragraphs (v)(bb), (dd) and (gg) above (as the case may be);

- (cc) subject to the scheme of arrangement (referred to in paragraph (v)(ee) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph (v)(ee) above;
- (dd) with respect to the events referred to in paragraph (v)(ff) above, the earlier of the date or expiry of the period for exercising the Option as referred to in paragraph (v)(ff) and the date of commencement of the winding up of our Company;
- (ee) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favor of any other person, over or in relation to any Option in breach of the Share Option Scheme;
- (ff) the date on which the Grantee (being an employee, officer, director or consultant of any member of our Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily, unless the Scheme Board resolves that the relevant option shall not lapse in any of the aforesaid circumstances;
- (gg) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally.

- (xiii) In the event of an alteration in the capital structure of our Company whilst any Option remains exercisable by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of shares or reduction of the share capital of our Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of our Company as a result of an issue of shares as consideration in a transaction to which our Company is a party, the auditors of or the financial advisor engaged by our Company for such purpose shall determine what adjustment is required to be made to the subscription price, and/or the number of shares to be issued on exercise of the Options, and/or (if necessary) the method of exercise of the Option (or any combination of the foregoing) provided that any such adjustments give the Participant the same proportion of the equity capital of our Company, provided that no adjustment may be made to the extent that shares would be issued at less than their nominal value. If applicable, any adjustment pursuant to this paragraph as anticipated under rule 17.03(13) of the Listing Rules shall comply with the requirements of and any guidance letter issued by the Stock Exchange from time to time.
- (xiv) Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the same Grantee provided such Options fall within the limits specified in paragraph (iii) above and are otherwise granted in accordance with the terms of the Share Option Scheme.
- (xv) Our Shares issued on exercise of the Options will on issue be identical to the then existing issued shares of our Company.
- (xvi) Our Company by ordinary resolution of Shareholders, or the Scheme Board, may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered or granted, but in all other respects the Share Option Scheme shall remain in full force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

- (xvii) The Options are not transferable, except for the transmission of an Option on the death of a Grantee to his personal representative(s) on terms of and as permitted by the Share Option Scheme.
 - (xviii) Subject to the terms set out in the paragraph below, the Scheme Board may amend any of the provisions of the Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date).
- (b) Those specific provisions of the Share Option Scheme which relate to the matters set out in rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the Directors or administrator of the Share Option Scheme in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with chapter 17 of the Listing Rules.

2. Estate duty and other indemnities

(a) *Indemnity*

Each of Ming Fung Investment and Winholme Holdings have, pursuant to the deed of indemnity dated 25 June 2011 (the “Deed of Indemnity”) referred to in the paragraph headed “Summary of material contracts” in this appendix, given indemnity in favour of our Group from and against, among other things, any claims, demands, costs, expenses, fines, actions and liabilities suffered or incurred by us due to the failure to obtain the necessary building ownership certificates in respect of the 8 buildings mentioned in note 1 of the property numbered 1 in Appendix IV of this prospectus, save to the extent of any provision or reserve made for the claim in the Accountants’ Report set out in Appendix I to this prospectus up to 31 December 2010 which is finally established to be an over-provision or an excessive reserve.

(b) *Estate Duty*

Further, pursuant to the Deed of Indemnity, each of Ming Fung Investment and Winholme Holdings have given indemnity in respect of, among other matters, and liability for Hong Kong estate duty, if any, which might be incurred by any of the members of the Group by reason of any transfer of property to any of the members of the Group on or before the Listing Date. The Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, the British Virgin Islands and the PRC.

3. Litigation

Save as disclosed in the section headed “Business – Non-compliance and legal proceedings” in this prospectus, as at the Latest Practicable Date, neither our Company or any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance is known by the Directors to be pending or threatened by or against any member of our Group.

4. Application for listing of Shares

The Sole Sponsor has made an application for and on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, all our Shares in issue, our Shares to be issued as mentioned in this prospectus and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options granted under the Share Option Scheme.

5. Preliminary expenses

The preliminary expenses of our Company are estimated to be about HK\$9,000 and are payable by our Company. The commission and expenses relating to the Share Offer that are to be borne by our Company are set out in the section headed “Underwriting” in this prospectus.

6. Promoter

Our Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Share Offer and the related transactions described in this prospectus.

7. Qualifications of experts

The followings are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<u>Name</u>	<u>Qualification</u>
Haitong International Capital Limited	Licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
DTZ Debenham Tie Leung Limited	Professional property valuers
King & Wood	Qualified PRC lawyers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law

8. Consent of experts

Each of the experts whose names are set out in paragraph D7 above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or the references to its name included herein in the form and context in which they are respectively included.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

10. Taxation of holders of the shares*(a) Cayman Islands*

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.

(b) *Hong Kong*

Dealings in Shares registered on our Company's Hong Kong register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of our Company, the Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares. Profit from dealings in our Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, which is charged on each of the purchaser and seller at HK\$1 for every HK\$1,000 or part thereof against the higher of the consideration or the fair value of our Shares being sold or transferred.

11. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) no founder or management or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;
 - (iv) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries; and
 - (v) no commission has been paid or payable, except for the commission payable to the Underwriters, for subscription of, agreeing to subscribe or procuring subscription of any shares in our Company or any of its subsidiaries.

- (b) The Directors confirm that:
 - (i) there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2010 (being the date to which the latest audited financial statements of our Group were prepared); and
 - (ii) there has not been any interruption in the business of our Group which may have or have had a material adverse effect on the financial position of our Group in the 12 months preceding the date of this prospectus.
- (c) The register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.
- (d) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION
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DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the Application Forms, (ii) the written consents referred to in the paragraph headed “Consent of experts” in Appendix VI to this prospectus, (iii) copies of the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix VI to this prospectus, and (iv) the statement of adjustments in relation to the Accountants’ Report set out in Appendix I to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Reed Smith Richards Butler at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date that is 14 days from the date of this prospectus:

- (a) the memorandum of association of the Company and the Articles;
- (b) the Accountants’ Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus together with the statement of adjustments prepared by Deloitte Touche Tohmatsu;
- (c) the letters received from Deloitte Touche Tohmatsu and the Sponsor respectively relating to the profit forecast of our Group, the text of which is set out in Appendix III to this prospectus;
- (d) the audited consolidated financial statements of each of Feng Cai and Glorify Land for each of the three years ended 31 December 2010;
- (e) the report in relation to the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (f) the letter, summary of valuation and valuation certificate relating to the property interests of our Group prepared by DTZ Debenham Tie Leung Limited, the text of which is set out in Appendix IV to this prospectus;
- (g) the letter of advice prepared by Conyers Dill & Pearman, our legal advisor on Cayman Islands Law, summarising certain aspects of Cayman Islands Companies Law as referred to in Appendix V to this prospectus;
- (h) the PRC legal opinions prepared by King & Wood, our legal advisors on PRC law, in respect of, inter alia, general corporate matters, property interests and taxation matters of our Group in the PRC;
- (i) the Cayman Islands Companies Law;

<p style="text-align: center;">APPENDIX VII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION</p>

- (j) the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix VI to this prospectus;
- (k) the service agreements with each of the Directors referred to in the paragraph headed “Particulars of service contracts” in Appendix VI to this prospectus;
- (l) the written consents referred to in the paragraph headed “Consent of experts” in Appendix VI to this prospectus;
- (m) the rules of the Share Option Scheme; and
- (n) the Synovate Report.



Winox Holdings Limited
盈利時控股有限公司